COMMERCE AMERICA

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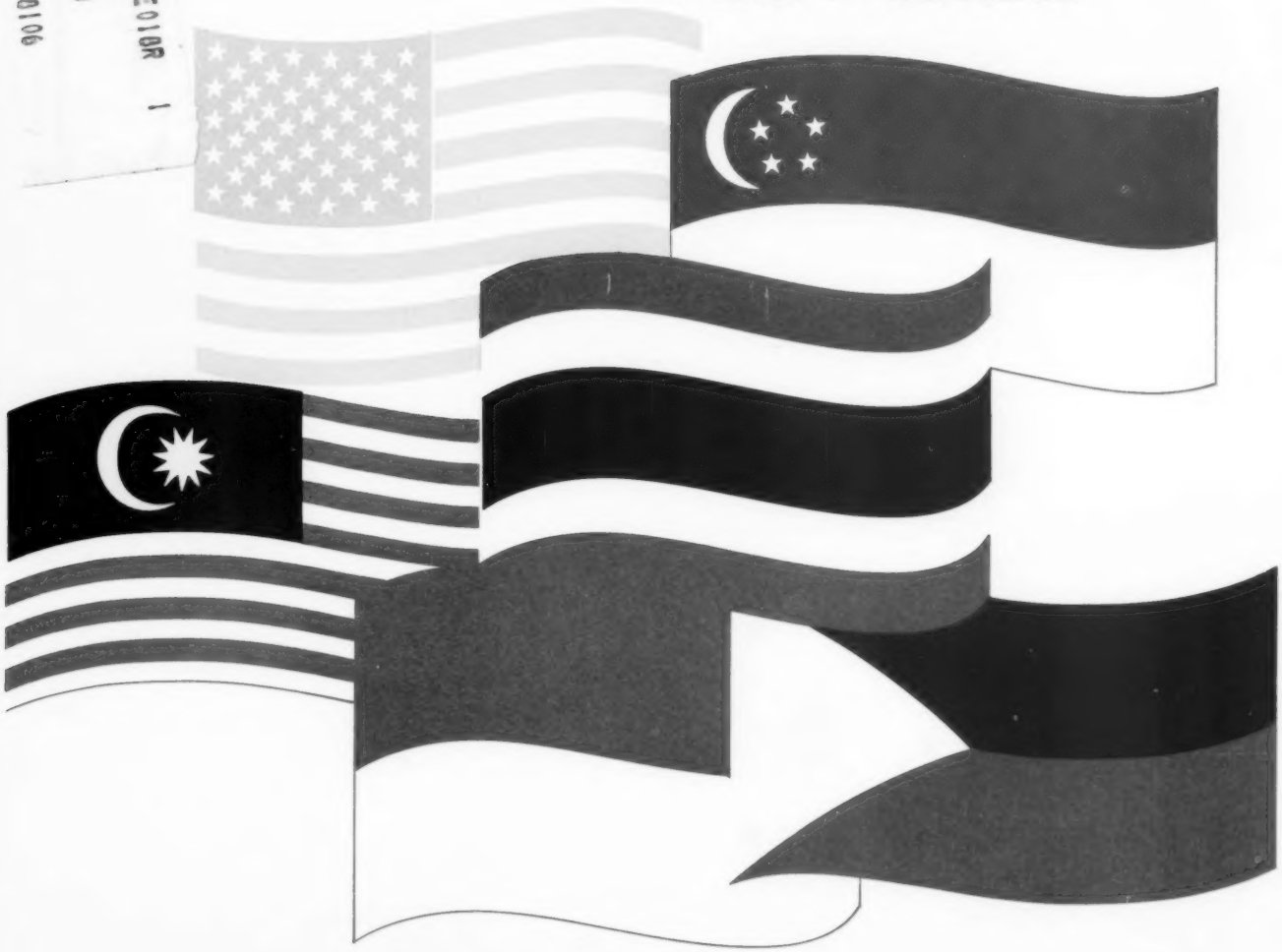
Focus on South East Asia Markets



FCIA Insurance As A Competitive Export Tool

The Foreign Credit Insurance Association (FCIA) is an association of 50 leading marine, property and casualty insurance companies. In cooperation with the Export-Import Bank, it provides insurance for U.S. exporters against non-payment by foreign buyers because of commercial and political risks—covering a record $5.2 billion of exports in 1977 by about 2,000 U.S. businesses. The following is adapted from the 1977 FCIA annual report.

U.S. exporters typically conduct a large share of business abroad on a letter of credit basis. This is a safe procedure to avoid catastrophic losses. Yet it often places a severe burden on the foreign customer, who must meet bank requirements, frequently including the advance deposit of cash.

More to the point, exporters in other countries are regularly extending unsecured or open account payment terms within these same overseas markets. This gives foreign competitors a distinct advantage vis-a-vis U.S. industry. Credit unquestionably has a key role to play—along with price, delivery time, and after-sale services—in facilitating an expanding net demand for a range of products.

FCIA insurance corrects this shortcoming in U.S. sales efforts abroad by placing U.S. exporters on an equal footing with foreign competitors. With credit insurance, American shippers are able to offer extended payments for goods and services covered on both short term (up to 180 days) and on medium term (up to 5 years). FCIA and the Export-Import Bank of the United States are parties to international agreements standardizing export credit terms for various products. Thus, FCIA and Eximbank terms are comparable with the foreign credit insurance terms offered abroad.

U.S. exporters, therefore, have every reason to undertake a bolder entry into long-standing as well as new markets. Notable among the latter are the Middle East and other oil-producing regions, rapidly-growing areas which might otherwise be cautiously approached when buyers there inevitably put forth demands for terms.

The proceeds of an FCIA insurance policy can be assigned to a commercial bank and, depending upon negotiated arrangements with his bank, the exporter can receive his loan as early as the time of shipment. Yet the repayment terms by the importer may stretch out well into the future. The financing cost is typically not much above the borrowing rate for a domestic transaction.

Equally important, FCIA insurance enables the exporter to qualify for financing on transactions which might not otherwise be considered by his bank. During the last five years when interest rates and bank credit limits exhibited sharp fluctuations, it has been particularly important for American firms to have a secured access to financial institutions. And in looking ahead, a prudent firm has clear-cut incentives to avoid any serious or sudden check on export sales goals.

Many foreign buyers of U.S. products pay sizable interests costs in their own countries when financing imports. With FCIA insurance, the U.S. exporter can usually arrange lower-cost financing for his foreign buyer at a U.S. bank, where rates are traditionally among the most favorable in the world. The resultant cost savings for the overseas buyer are considerable, thereby magnifying the international competitive edge of U.S. products.

A number of FCIA customers use their policies to raise working capital. By assigning the policy proceeds to a commercial bank and thereby financing the total export portfolio, the manufacturer can generally receive payment soon after shipment and obtain "off-balance sheet" financing. This technique improves the company's liquidity, often a crucial and timely consideration in today's business environment.

FCIA insurance is a highly competitive tool enabling U.S. exporters to extend terms, protect themselves against unforeseen global conditions while meeting intense overseas competition, and arrange advantageous domestic financing.

Overall, effective use of credit insurance permits the exporter to maximize financial, production, and sales results by undertaking more profitable utilization of existing industrial capacity and personnel. Thus, with more U.S. companies making the profitable decision to enter the export market or to increase their existing export volume, there is every expectation that FCIA will play a major role in the process.

Application for FCIA export credit insurance may be made directly through an insurance agent or broker, directly to the home office of FCIA, One World Trade Center, New York, N.Y. 10048, or to one of the FCIA regional offices in Atlanta, Chicago, Cleveland, Houston, Los Angeles, Milwaukee or Washington, D.C.

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INDONESIA
THAILAND
MALAYSIA
PHILIPPINES
SINGAPORE

Business Opportunities High On ASEAN's U.S. Agenda

In the second of a series of annual consultations, top-ranking economic and foreign relations officials representing the Association of South East Asian Nations (Indonesia, the Philippines, Thailand, Singapore and Malaysia) will meet with U.S. cabinet members and Congressional and business leaders Aug. 3-4 in Washington. The high-level talks are aimed at expanding economic relations—including trade, investment, energy and development cooperation—between the U.S. and the nations of South East Asia.

ASEAN is the first grouping of developing countries outside the Western Hemisphere with which the U.S. has established such a dialogue — a fact which reflects the importance of present and potential U.S. economic interests in the region. In 1977, total U.S. trade turnover with the ASEAN countries amounted to $11 billion, much of it U.S. imports of vital raw materials such as petroleum, tin and rubber. U.S. private investment, at $3.5 billion (book value), has trebled since 1970.

ASEAN's other major trading partners—Japan, Canada, Australia, New Zealand and the EEC—have also established consultative mechanisms to secure their ASEAN connection. Discussions with the Japanese have produced a pledge of $1 billion in concessional financing for ASEAN industrial projects, and more liberal coverage of ASEAN exports under Japan's Generalized System of Preferences (GSP). A meeting with the EEC Council of Ministers, scheduled for later this year, is expected to discuss industrial cooperation and EEC assistance in promoting ASEAN exports.

Trade, investment top list

At the top of the agenda for the U.S. talks will be a review of measures which both sides can take to boost trade and investment relations.

The first U.S.-ASEAN consultations in September 1977 ended with agreement on concerted action to liberalize trade in both directions. A joint working group on trade was established to continue the talks between annual meetings.

In the intervening year, discussions on trade liberalization have been held within the framework of the Multilateral Trade Negotiations (MTN) in Geneva. The joint working group of U.S. trade negotiators and ASEAN's Senior Trade Officials met to focus on possible tariff and nontariff measures that could be included in the MTN.

The August meeting, coming after the scheduled official windup of the Tokyo Round, will focus on measures outside the MTN—including U.S. GSP, commodity arrangements and Eximbank financing—which could further improve the conditions of trade. ASEAN's system of regional tariff preferences will also be discussed.

A major goal for the ASEAN group will be to assure continued inflows of U.S. technology and investment capital to sustain the region's industrial development effort. All five ASEAN governments have established programs which variously promote foreign investment in approved sectors, and they are expected to express their collective concern that U.S. policies—particularly the proposal to eliminate U.S. tax deferral on foreign source income—may discourage new U.S. investment.

The host country environment for foreign investment—including the stability of negotiated agreements and major legal parameters such as taxation—remains one of the more important determinants of private investment flows and the U.S. will continue to encourage investment policies which minimize interference with capital flows as dictated by market mechanisms. The extent to which bilateral tax and investment protection treaties can foster the development of a stable investment environment will also be explored.

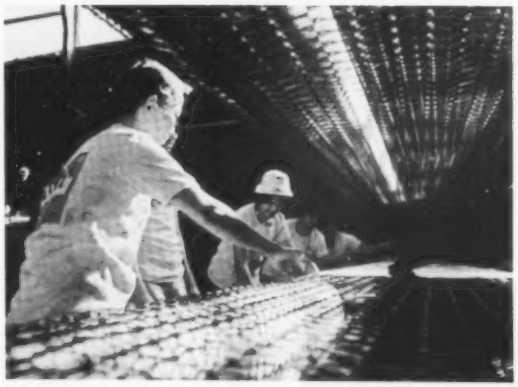
Private sector links

The active support and participation of the U.S. private sector will be critical in meeting the goals of increased trade and investment set by the ministers. The U.S. continues to emphasize the importance of expanded ties with the U.S. business community and the formation of a U.S.-ASEAN Business Council under the joint direction of the U.S. Chamber of Commerce and the ASEAN Chamber of Commerce and Industry is in the works. (Interested firms may contact Oakley Johnson at the U.S. Chamber for additional information on 202-659-6117.)

Although ASEAN delegates are seeking "trade-not aid" from the U.S., a modest regional assistance program (supplementary to the $136 million bilateral AID programs in Indonesia, Philippines and Thailand) is also on the agenda. Areas of potential collaboration include agriculture and rural development, conservation of forest resources, development of alternative energy resources, and non-formal education and training. Prospects for cooperation in science and technology will also be explored.

A summary report of the two-day discussions will be available from the Department of Commerce, Bureau of International Economic Policy and Research, Office of Country Affairs, Room 4027, Washington, D.C. 20230. Telephone: 202-377-5279.

Active support of U.S. business community will be critical in meeting ASEAN trade and investment goals.



ASIAN DEVELOPMENT BANK sub'oan, through the Industrial Finance Corporation of Thailand, has financed this veneer factory in Thailand (ADB Photo).

ASEAN: Five Good Markets In A New Light

Some of the best business news to come out of Asia in the latter seventies has been the renewed movement toward regional economic cooperation in the five-country Association of South East Asian Nations (ASEAN).

Formed in 1967 by Indonesia, the Philippines, Thailand, Malaysia and Singapore as a vehicle for economic, social and cultural cooperation, ASEAN moved slowly at first and then slower still as its members directed their attentions inward in the wake of changes in nearby Indochina and the oil shock of 1973.

By 1976, however, the environment had changed. With returning political confidence, economic ambitions assumed a new urgency. In less than three years, the ASEAN countries have agreed to a preferential trading arrangement and the process of reducing intra-regional tariffs is proceeding; five industrial complementation projects have been assigned and Japanese financing promised; institutions have been established to involve the private sector in each country in the process of regional economic bargaining; and a network of dialogues with major economic powers is in place. Some have already produced results in new levels of regional development assistance.

The U.S. business community, not unfamiliar with these countries as individual markets, is now taking a second look—through the ASEAN perspective.

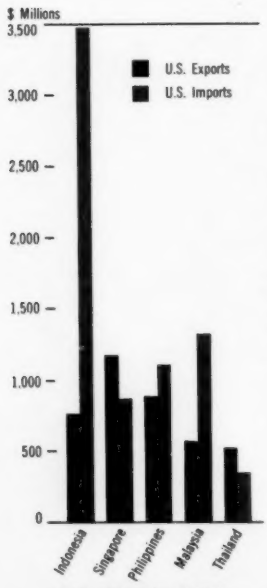
Growth economies

The countries of the ASEAN region have some of the most dynamic economies in the world. Regional GNP in 1977 was almost $98 billion. Individual country average real growth rates for 1968 through 1976 (including the years of world-wide recession) ranged from 6 percent for the Philippines to 11 percent for Singapore. For 1978, planners in the region are confidently plotting growth rates of close to 7 percent and above.

The ASEAN economy supports a total population of 245 million—greater than that of South America—in a land area smaller than that of Argentina and Chile combined. Average GNP per capita is a little over $350, but ranges from a high of $2,700 in Singapore to $240 in Indonesia, the world's fifth most populous nation.

With the exception of Singapore, with its relatively advanced manufacturing and financial sectors, most ASEAN economies are oriented toward production and initial processing of primary commodities. ASEAN supplies 70 percent of the world's copra; 87 percent of its natural rubber; 56 percent of palm oil; 13.6 percent of rice and bananas; and 5.6 percent of coffee.

Mineral resources are also an important element of the region's economy. The ASEAN countries claim 2.4 percent of the world's proven and probable petroleum reserves recoverable with current technology and prices. Indonesia and Malaysia together account for 2.6 percent of world crude oil production. Other member states are petroleum importers but the region as a whole is a net exporter. Seventy percent of the world's tin production originates in the ASEAN countries, primarily in Thailand, Malaysia and Indonesia. Thailand is the world's second largest producer of tungsten. The Philippines is a major producer of copper and nickel.



U.S. Trade With ASEAN Nations 1977

Market of $26 billion

Supported by earnings in natural resource trade, ASEAN generates a heavy volume of foreign trade. In 1977 global trade turnover for the region amounted to more than $52 billion. That represents an import market of more than $26 billion—approximately the size of the United Kingdom.

Singapore is the largest trader in the group, with total turnover of $15.7 billion and imports of $9.1 billion. Indonesia ranks second, its $14.2 billion in foreign trade composed largely of petroleum exports/food imports.

Although raw or semiprocessed products make up the bulk of ASEAN exports, the share of manufactures has risen to 28 percent. Fully 80 percent of these originate in Singapore and Malaysia.

Japan and the U.S. are ASEAN's two major trading partners: together they account for approximately half of the region's exports and almost 40 percent of its imports. Japan is No. 1. In 1976, total Japanese trade with the region amounted to almost $14 billion with the Japanese in deficit by $1.6 billion. Fully 50 percent of Japan's $7.7 billion import bill in the region is attributable to purchases of Indonesian oil.

U.S. in second place

The U.S. comes in a close second, with two-way trade amounting to more than $11 billion in 1977. That is more than U.S. commerce with Mexico, and one-fifth of total ASEAN trade. ASEAN trade represents 4 percent of total U.S. foreign trade and over 10 percent of trade with the developing world. U.S. exports for the year 1977, totaling $3.9 billion, were swamped by imports of $7.1 billion. Petroleum and fuel oil imports, primarily from Indonesia, represent $3.1 billion of our $3.3 billion deficit with the region. Since 1970, U.S.-ASEAN trade has increased by 400 percent.

For 1978, U.S. exports to ASEAN are expected to increase at an average rate of 15 percent, bringing sales for the year to the $4.5 billion mark. Current frontrunners should continue to set the pace, but new opportunities may emerge in pollution control equipment; medical, surgical and hospital equipment; and industrial process controls.

Beyond these aggregate values, ASEAN plays a critical role as a supplier of several important raw materials to the U.S., and we are the single most important market for ASEAN exports. ASEAN now supplies 90 percent of U.S. imports of natural rubber; 10 percent of crude petroleum; 72 percent of tin; 14 percent of sugar; and 17 percent of tea.

U.S. investment trebled

Mineral resources, a relatively favorable investment climate, and low wage costs have attracted an increasing share of LDC-directed investment to the ASEAN countries. By year end 1975, total private foreign investment in ASEAN was estimated at

$9 billion, or almost 12 percent of the total for all LDCs. Of this amount U.S. investment probably accounts for $3.5 billion (book value), a figure more than three times the 1970 level and about 15 percent of all U.S. LDC-directed investment.

Almost half of U.S. investments in ASEAN are petroleum related; an additional 25 percent has gone into the manufacturing sector, principally in the Philippines and Singapore. According to Japanese figures Japan also has a substantial investment stake in ASEAN—$4 billion as of March 1977, or 20 percent of worldwide Japanese foreign investment.

Regional trade goals

With this divergent array of resources and problems—and lacking any natural complementarity—the five nations are seeking cooperative solutions to the problems of development.

These include an Agreement on Preferential Trading Arrangements providing for preferential intra-ASEAN tariff rates to be negotiated on a product-by-product basis; preferential liberalization of non-tariff barriers; and preferences in government procurement and import financing. The objective of these measures is to increase intra-regional trade, which currently accounts for about 15 percent of total trade for the five countries.

A first tranche of tariff concessions (mostly in the 5-10 percent margin of preference range) was implemented in January, and 755 items were added to the list by the Economic Ministers meeting in June. These will take effect in September.

Although experience with the tariff-cutting scheme is limited, it has been criticized as proceeding too slowly, covering few items of significance in regional trade, and providing a too-slim margin of preference. Responding to these problems, the Economic Ministers have accelerated the tariff reduction process by requiring each member country to submit 100 potential concession items at quarterly negotiating sessions. This could mean that some 2,000 items would come under regional preferences each year. Consideration is also being given to increasing the depth of cut to 20 percent. There is no current plan for a common external tariff.

Although there does not yet appear to be a measurable impact on U.S. trade stemming from regional tariff preferences, the progress of the tariff-cutting scheme is of interest to the U.S. business community. Future ASEAN rules of origin might be written to affect locally-assembled products of U.S. subsidiaries.

Industrial development slow

Closely related to the tariff-cutting mechanism is the plan to develop complementary industrial capabilities in the region by ascribing regional monopolies to specified ASEAN industrial projects. These would be severally owned by the ASEAN states and benefit from unspecified tariff preferences in intra-regional trade.

Five such projects have been identified to date: urea plants for Indonesia and Malaysia; a soda ash plant for Thailand; superphosphate fertilizers for the Philippines; and diesel engines for Singapore. Japan has agreed to provide $1 billion in funding for feasible projects.

The industrial complementation scheme, hastily agreed to, has been slow in the implementation. Of the five projects, the urea plants are the most advanced. The Indonesian facility is scheduled to come onstream in 1981-82, and the Malaysian project was endorsed by the Economic Ministers in June.

But uncertainties concerning marketing prospects persist. Any one of the plants (and certainly the two combined) might well exceed regional requirements and world market prospects are not encouraging. Further, as both stockholders in a potentially troubled enterprise, and consumers of the regionally-sheltered output, other ASEAN partners might pay a double subsidy for industrial complementation.

The Thai soda ash plant, given an okay by ADB experts, is being delayed while the government decides whether to separate out a rock salt export segment as a strictly national endeavor. The prohibitive cost ($127 million estimated) of required infrastructure supports, added to the $160 million cost of the plant, is also a stumbling block.

The timetable for the Philippine superphosphate plant has also been delayed, while a site is fixed for that country's copper smelter project—a national priority. The rising cost of imported sulfuric acid inputs (and the declining price of copper) are also factors.

Finally, the Singapore diesel engine project is on the ropes—as an ASEAN project—due to the reluctance of ASEAN partners, principally the Philippines and Indonesia, to abandon national plans for diesel engine production.

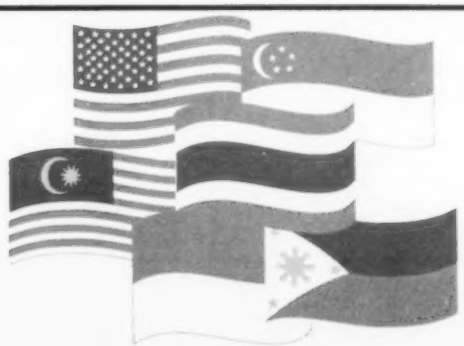
The emergence of conflicting national priorities and the claims of national self interest responsible for the slow progress of the industrial program are not surprising. This may be taken as an index of ASEAN sophistication. First steps are easy. Many of the objections raised reflect a prudent concern for long term economic consequences. Facile judgments now could saddle the group with industrial white elephants.

ASEAN has slowly built a thick web of consultative mechanisms which cover the entire range of economic and social concerns of the member states. The system may slow decision making but it insures that collective decisions are backed by the political consensus necessary to insure results.

Thus, faced with difficult choices in the industrial scheme, the heads of government have authorized prefeasibility studies of possible alternative projects involving metal-working machine tools, heavy-duty tires, newsprint, electrolytic tin plating, television picture tubes, and fishing. The private sector is also involved. The dozen-odd "industry clubs" operating within the ambit of the ASEAN Chamber of Commerce and Industry serve to channel private sector advice on the rationalization of regional industry to the Working Group on Industrial Complementation.

The deliberate pace of ASEAN, its reliance on consensus, may prove its strength.

The five nations are seeking cooperative solutions to the problems of development; these could affect U.S. trade.

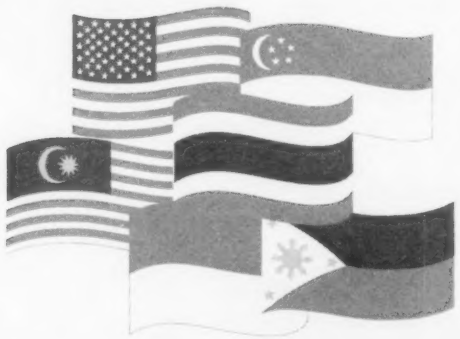


Asian Development Bank: Why And How It Belongs In U.S. Plans

Asian Development Bank-financed projects represent a significant opportunity for export sales of U.S. consulting and engineering services, as well as construction supplies and equipment. The ADB made nearly $900 million in loan commitments in 1977, bringing its total lending to over $4.2 billion. Some $1.9 billion of this total represents lending to countries in the ASEAN group (Indonesia, the Philippines, Thailand, Malaysia and Singapore).

Export opportunities associated with ADB lending merit the serious attention of U.S. suppliers, particularly those with an established presence in the region.

MALAYSIAN SEAPORT is now under construction just north of Kuantan, the capital of Pahang State (ADB Photo).



The U.S. historically has not taken an appropriate share of ADB-related procurement. The U.S. is currently obtaining about 8 percent of cumulative procurement on ADB-financed projects, compared to an average 16 percent overall market share for general imports in the region served by the Bank.

Although U.S. consulting and engineering firms have been generally successful—with a little more than 31 percent share of ADB procurement in this category—U.S. equipment suppliers have obtained only 7.4 percent of contracts. This generally disappointing U.S. record represents a lost opportunity which can only be regained by increased U.S. exporter involvement in ADB project lending.

This opportunity is the more significant as ADB lending is expected to increase rapidly in the years ahead. For 1978, funding levels are projected to rise by about 10 percent, suggesting that as much as $1,190 million will become available this year for project-related procurement. In addition, as the project development capabilities of regional members improve, the rate of actual disbursements should increase accordingly.

Finally, the recent decline in the value of the U.S. dollar relative to the Japanese yen and several local currencies offers a perhaps unique opportunity for U.S. suppliers to compete on price as well as quality terms.

Borrower procurement procedures

Procurement for ADB-financed projects is generally accomplished according to established procedures in the borrowing country. Firms which have dealt successfully with government purchasing entities in any one of these nations would follow essentially the same procedures in dealing with the ADB. There are a few exceptions.

For the most part, all goods and services must be obtained on the basis of international competitive bidding. Competition is based largely on price, but the Bank also specifies that timing, as well as availability of service and spare parts, must be taken into account and quantified if possible.

Invitations to bid or to prequalify bidders must be sent to local official representatives of all member countries (this includes the U.S.). In most instances, invitations will be offered to member countries only. Notices of larger, more important contracts will normally appear in major international technical journals.

In order to provide the U.S. businessman with the earliest possible information on ADB projects, copies of the *ADB Monthly Operational Information* listing of proposed projects are available in the Export Information Reference Room, Room 1863, U.S. Department of Commerce, Washington, D.C. 20230, and at Commerce District Offices and Satellite Offices as well. These reports indicate the status of project proposals in preparation, prior to final Bank action, and indicate whether consulting services will be required.

Information on equipment procurement is available through the Department of Commerce Trade Opportunities Program. Additional details on this program can be obtained from the District Offices.

Where the proposed contract involves relatively extensive bid preparation, a list of prequalified bidders is developed. Prequalification is not normally used for procurement of materials or equipment.

As a general rule, overall procurement on ADB-financed projects will be divided into several smaller, specialized contracts. This should make it easier for developing member country firms and smaller U.S. firms to participate. It may also make projects less attractive to the largest U.S. companies. Turnkey contracts are an exception and require specific Bank approval.

Bid bonds will normally be required on Bank-financed projects, and performance bonds will be required on all construction work and even some equipment supply contracts. The Bank does not set a specific amount or duration for performance bonds, but does require that they provide a "reasonable" warranty period.

The Bank does not specify a minimum time interval between advertising and bid opening for most projects. On large civil works, however, at least 90 days must be allowed.

Bid rejection

The bank provides several criteria for rejection of bids. If an individual bid does not substantially conform to the specifications, it must be rejected. Where all bids do not meet the intent of the specifications, or where there is evidence of a lack of competition, all bids must be rejected.

The Bank discourages calls for new bids based on price, except where lower bids substantially exceed cost estimates. In such cases, following consultations with the Bank, new bids will normally be requested from all participating suppliers.

Contracts negotiated under ADB-financed procurement may contain escalator clauses and force majeure provisions. They must also contain provisions for penalties (bonuses are optional) and dispute settlement. In the latter case, the Bank will not serve as an arbiter and will not agree to name one.

Rules for consultants

The Bank plays a relatively more prominent role in the selection of consultants than in other stages of procurement. The decision to hire a consultant requires that the borrower first consult with the Bank. In some instances, the Bank may require that a consultant be hired.

As a first step, the borrower is required to submit a list of five to seven qualified consultants for the Bank's approval before proposals are requested.

The borrower may exercise considerable discretion in drawing up this list. The Bank retains the right to disapprove firms named by the borrower but normally does not make specific suggestions or recommendations.

Although the Bank does not maintain a list of approved consultants, it does keep information files for use by borrowers. U.S. firms in this category should therefore insure that a current copy of their credentials is on file with the Bank (Asian Development Bank, P.O. Box 789, Manila, Philippines).

In general, the Bank has expressed a preference for hiring domestic consultants and/or consultants from another developing member country, although these may be in partnership with consultants from a developed member country.

Consulting firms which are affiliated with contractors and/or equipment manufacturers are acceptable only if they disqualify themselves and their affiliates from work in any other capacity on the same project. Bank guidelines also express some reservations on the impartiality of specifications proposed by such firms.

Consultants employed directly by the Bank (normally for technical assistance) must abstain from any subsequent work on the same project.

In general, the Bank recommends that the same consultant retain responsibility for all stages of the project, ranging from feasibility studies through detailed engineering, bid evaluation and project execution. In the case of differences between the borrower and the consultant, prior Bank approval is required for any deviation from the consultant's recommendations.

Some observations

Since all ADB-financed procurement must be tendered to all member countries, the most critical stage in the sales process comes at the time equipment specifications are drawn. Either by accident or design, specifications can be drawn in such a way as to exclude certain suppliers or drawn so loosely that inferior, low-priced equipment (types not usually manufactured in the U.S.) is included. Potential U.S. suppliers should become actively involved in promoting their products at this stage. This is the time to insure that the specifications are not biased toward one supplier or one country, while at the same time insuring that quality is given full consideration.

The fact that U.S. consulting engineering firms are writing specifications on a substantial number of these projects should give U.S. firms a head start in this direction.

Once tenders have been issued (the time when most U.S. firms become aware of the opportunity) there is little left in the sales process other than price and delivery date negotiations.

The U.S. Executive Director to the ADB, Ambassador Lester Edmond, is available to answer inquiries concerning Bank procurement opportunities. Further information regarding Bank guidelines may be obtained in the Export Information Reference Room or directly from the Asian Development Bank (Cable: ASIAN-BANK, Manila). NOTE: an article on page 15 describes international lending programs for Indonesia, one of the ASEAN group.

Potential U.S. suppliers should become actively involved in promoting products at the time specifications are drawn.

Some ADB Projects

The following selected Asian Development Bank projects illustrate current activity in the five ASEAN nations.

INDONESIA — Ujung Pandang Power II. Proposed loan: $28 million. Status: board papers under preparation. Consulting services required.

MALAYSIA—East-West Highway Supporting Roads. Proposed loan: $31 million. Status: feasibility study to be completed by February 1979. No decision whether consulting services will be required.

PHILIPPINES—Second Agusan River Irrigation. Proposed loan: $26 million. Status: appraisal mission in the field. Consulting services required.

SINGAPORE—Kent Ridge Hospital. Proposed loan: to be determined. Status: awaiting further information from government. No decision whether consulting services will be required.

THAILAND—Kud Multipurpose (Irrigation and Power). Proposed loan: $2 million. Status: appraisal mission scheduled this month. No decision whether consulting services will be required.

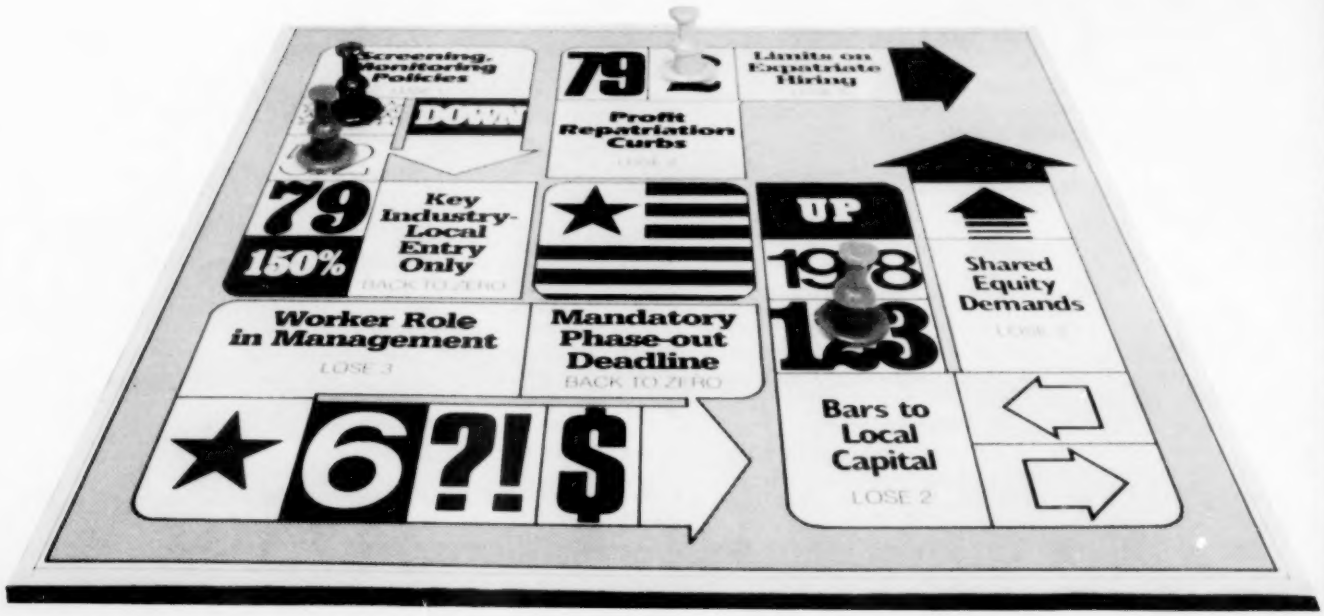
Coping with New Challenges to Investment Ventures Abroad

Second of two articles examining policies of host nations and responses by American companies.

American companies with investment ventures abroad are operating in a far different environment today from that of only ten years ago. There have been major shocks to the global economic system, and, more subtly, changes in perception of foreign investment by host governments both in the industrialized and developing nations. The first article in this two-part study, in the July 3 Commerce America, *examined such host policies; this article looks at the ways U.S. companies are adjusting to the new climate and points to indications that the future for foreign investment may be brighter than the recent past. The author is Gerald M. Feldman of the Industry and Trade Administration's Investment Policy Division.*

A prominent new element of the changing international investment environment is the proliferation of codes to regulate the conduct of multinational companies. In the wake of bad publicity arising from revelations of improper payments by some American firms, a number of U.S. firms have established their own codes of ethical behavior to guide management in overseas business and to restore the tarnished image of American multinational companies.

There also has been increased interest in broader codes to govern the general operations of companies. A few governments and regional organizations have promulgated codes in one form or another for their own nationals and for foreign-owned companies on their soil, but the greatest activity has been at the multilateral level. In June 1976 the Organization for Economic Cooperation and Development (OECD) completed the first comprehensive set of voluntary guidelines established by governments for the regu-



lation of multinational enterprises in their member nations. Less than a year later, the International Labor Organization (ILO) concluded its work on a declaration of principles for multinational enterprises in industrial relations and social policy. The U.S. Government actively participated in the negotiation of both documents. The United States is also actively involved in the efforts of the U.N. Commission on Transnational Corporations to draft a global code of conduct for multinationals, and in the work of other U.N. agencies to draft codes governing illicit payments, technology transfer, and restrictive business practices.

Official U.S. view

Throughout all of these separate efforts to devise codes of behavior, the U.S. Government has been guided by the view that such agreements can support a liberal international investment climate, provided that they establish in a clear and balanced manner the rights and obligations of both companies and governments. Only in that way can enterprises be assured that they will not fall victim to arbitrary governmental actions under the agreements.

In line with that view, the U.S. Government has supported attempts to draft general codes of conduct that call for voluntary rather than legally-binding adherence by companies. The reason for this approach is that the principles described in general codes are non-specific in nature, do not lend themselves to a clear legal interpretation of rights and obligations, and thus do not conform to the strict canons of due process.

However, the U.S. Government is not opposed to legally binding agreements where they can be negotiated, and where they clearly spell out the rights and obligations of both sides. Last January the President signed into law a bill outlawing illicit payments by U.S. firms in international commerce, and it is hoped that the law will give impetus to the enactment of a legally binding international agreement along similar lines. It is possible that other specific areas exist where legally binding accords might be negotiated, and the United States could support efforts to conclude balanced agreements in those fields as well. In short, the U.S. Government believes that the various codes can be a constructive element in the changing environment for international investment, provided that they are carefully drawn.

Bilateral agreements

Another potentially constructive instrument for maintaining a liberal world investment climate is the model bilateral investment protection agreement —BIPA—which is now under consideration. Such agreements, which are employed by several European countries, help to maintain favorable investment climates in signatory countries by establishing dispute settlement mechanisms, giving assurances of repatriation of earnings and capital, and setting standards and procedures to govern nationalizations and the payment of compensation.

The record shows that U.S. investors are able to accommodate themselves to a wide range of restrictions and operating conditions. When they become uneasy and hesitant to invest, it is usually because host government policies are unsettled or unclear. The codes and BIPAs could exert a stabilizing influence on the world's unsettled climate for international investment.

MNC efforts to adjust

The steady and persistent growth in U.S. direct investment abroad indicates that in spite of the shifts in the world investment climate there has not been a retreat from international operations by American firms. Rather than withdrawing from a world in which the rules of international investment have changed, American companies are making concerted efforts to adjust. Their ingenuity and flexibility are being challenged as never before as they attempt to devise new methods of engaging profitably in overseas operations.

Prior to initiating new investments or expanding existing ones, many firms are conducting detailed studies of both political and economic risk in target countries, especially in LDCs. This aspect of company operations is not new, but the analyses being demanded by company boards and executive officers are much more detailed and exacting today than in the past. A few companies have hired trained political scientists and economists to conduct risk analysis. Others contract the work to experts. Some firms have even attempted to quantify the variables of risk and to apply computer-age technology to their evaluation. The reports themselves tend to receive greater scrutiny and more credence today than ever.

Host country goals

American firms also are making greater efforts than ever before to identify with and conform to host country development aspirations. In negotiating with host government officials for permission to invest, companies are prone to emphasize the job-creation and export potentials of their industry, or the non-polluting nature of their operations.

American subsidiaries abroad also are becoming involved in increasing numbers in community development campaigns and in rural infrastructure projects, even where there is no direct benefit to the firms themselves. In India, a U.S. company helped to construct a sewage treatment plant outside Bombay capable of reclaiming five million liters of clear water daily from the city's sewage. Elsewhere in India, another American firm makes its company health unit routinely available to the local rural population. At another rural location the same company supplies free water for drinking and irrigation, and an agricultural specialist employed by the company dispenses free advice to villagers on cropping patterns and farm management techniques.

The ingenuity and flexibility of U.S. firms are being drawn upon today as never before.

American companies in the Philippines, in the Dominican Republic, and elsewhere have helped to fund development foundations which engage in rural development projects, health care, and technical training programs. U.S. firms are active in agriculture projects in Brazil and Zaire. In Indonesia, an American company helped to set up a farming institute where groups of farmers come for several months each year to learn new techniques. Another U.S. firm has provided funds for higher education institutions. Several firms in Brazil actively participate in a program of work training for local university students. This list is hardly exhaustive, but it is illustrative of the sorts of community involve-

ment being practiced on a widening basis by U.S. enterprises.

Alternative forms of investment

In their efforts to cope with the changing investment environment, some American companies are exploring alternative modes of investment. In the past, host government officials in developed and developing countries alike have often observed that U.S. companies as a group seem less receptive to government pressures than are their Japanese or European counterparts to dilute their equity in local subsidiaries or to enter into joint ventures with local participation. A two-year study of international corporate citizenship conducted by the Conference Board explored that phenomenon, and attributed it to four factors:

The heyday of the wholly-owned foreign subsidiary is passing in developed and developing countries alike.

► The vastness of the U.S. home market gives American firms a viable alternative to overseas investment often denied to companies of other nationalities. U.S. companies also tend to enjoy greater access to capital than their foreign competition, obviating the need for joint venture partners.

► More American than non-American companies hold proprietary technologies which they do not wish to share in joint ventures.

► The long tradition of an arms-length relationship between the U.S. Government and the U.S. business community predisposes American managers to resist foreign government pressures more strongly than do Japanese or European managers.

► The more centralized structure of most U.S. corporations is less conducive to joint ventures, especially those with a U.S. minority share.

Whatever the reasons for the reluctance of American companies in the past to share equity participation with local firms or individuals, it is clear that most U.S. firms are more willing to do so today. The number of joint ventures involving American capital overseas has grown substantially across a wide range of industries, and the vast majority of established U.S. subsidiaries abroad are moving toward compliance with host government requirements for foreign equity dilutions.

As a matter of global corporate policy, some American companies continue to refuse to participate in joint ventures. Most of those firms hold sophisticated proprietary technologies which enable them to extract concessions from host governments that would otherwise stand firm against wholly-owned foreign ventures. However, U.S. investors are learning, by and large, that the heyday of the wholly-owned foreign subsidiary is passing in developed and developing countries alike. In the LDCs American companies are finding an added bonus in joint ventures with locals—namely, that such operations often provide an effective deterrent against expropriatory actions by host governments. With the global tide running against the wholly-owned foreign subsidiary, it would seem only a matter of time until the last holdouts against joint venture operations adjust to the prevailing currents.

Some companies have opted for non-equity forms of investment, such as loans, rentals, licensing, franchising, or management and service contracts, in an effort to minimize their exposure in risky investment areas. Service contracts have become a major form of foreign investment in many developing countries, particularly in such key areas as the extractive and financial sectors. This reflects the particular vulnerability of foreign companies in those sectors to investment disputes with host governments.

The acceptability of contractual arrangements to LDCs as an alternative form of foreign investment suggests that a certain maturation has taken place in their own views of alien business operations. LDC governments recognize the importance of foreign technical expertise and entrepreneurship in operating many of their productive facilities, and they are willing to accommodate that element of foreign participation in their economies if their sovereignty over the enterprises and over the economy itself is assured. For their part, American investors are learning from their experiences with non-equity investments that they can operate profitably—and with less at risk—even without all the prerogatives of full control. As a result, U.S. receipts of fees and royalties from non-equity investments nearly tripled between 1966 and 1976, to a level of almost $4.4 billion (see table).

Indications for the future

It is clear that American firms face more challenging conditions for investing abroad today than they have faced in years past. The changes in the world climate for foreign investment that have made today's conditions so complex are part of a dynamic process that is still unfolding. All that can be said with certainty about the future is that the old rules of doing business abroad will never again apply, and that U.S. investors will continue to be challenged to find new methods of operation.

There have been a few indications in recent months that the next swing of the pendulum may be toward a gradual loosening of some of the contraints imposed on foreign investors by both developed and developing countries. Many governments have become convinced as a result of the recent recession that some of the measures they had enacted have deprived them of much-needed foreign capital. As a result, their growth has continued to stagnate even after world recovery has begun.

Developed country shifts

Canadian leaders—concerned over a precipitous drop in U.S. investment caused by slack business conditions, restrictive business policies, and Quebec's separatist views—have attempted to reassure foreign investors of their continued welcome. Last year Canada simplified its application procedures under the Foreign Investment Review Act and broadened the exemptions written into the Act. Ottawa also widened its system of incentives for attracting investors, particularly those willing to invest in areas of slow growth. Foreign investors are further gratified by Canada's decision to phase out its controls on wages and prices which have been in effect since 1975.

Australia has liberalized its guidelines for foreign investors by making majority Australian ownership a flexible policy goal in most industries rather than a rigid rule. In uranium mining, it has lowered the previous requirement of 100 percent Australian ownership to 75 percent, and it just announced a relaxation of the guidelines for foreign investment in other types of mining ventures. Australia also has raised the value threshold for government review of foreign takeover proposals.

The picture is changing for investors in Europe

U.S. Receipts of Fees and Royalties From Abroad

	1966	1970	1973	1976
Total (in millions)	$1,516	$2,331	$3,225	$4,366
From affiliated foreigners*	$1,163	$1,758	$2,513	$3,522
From unaffiliated foreigners	$ 353	$ 573	$ 712	$ 844

*Includes film and tape rentals
Source: Bureau of Economic Analysis

as well. In 1977 Portugal rewrote and substantially liberalized its foreign investment code. France, Ireland, and Italy have broadened or revised their systems of fiscal incentives for investors as part of concerted national efforts to attract job-creating investments or to channel investments into slow-growth areas. Greece, which three years ago simplified and streamlined its investment approval system, just recently revised its incentive system and introduced new incentives to spur growth in less developed regions. The Netherlands is simplifying its procedures for applying for incentives and increasing the total amount of funds available to the government for its incentives program.

Investment incentives are but one of many factors that constitute an investment climate, and in most cases the governments of industrialized nations give no preference to foreign investors over domestic ones in the granting of incentives. However, the trend toward liberalization of the various incentives schemes offered by those nations gives indication that foreign investment may be more welcome than in the recent past.

LDC policy shifts

The shift in the climate for foreign investment in most of the developing world was more extreme than that of the developed world, and the liberalization in many LDCs has been even more dramatic. Argentina last year implemented one of Latin America's most liberal foreign investment laws, and the government that assumed power in 1976 has settled most of the investment disputes it inherited from its predecessor. The Andean Pact countries increased the level of profits that foreign investors may remit and allowed member governments to set even higher limits. Following that, Venezuela liberalized its own foreign investment code in order to conform to the Andean Pact provisions. On the other hand, Chile withdrew from the Pact in 1976, because it regarded its rules as too restrictive. The Chilean Government last year amended its laws to allow foreign investors nearly equal treatment with domestic investors. In the last two years, Peru has made substantial modifications in its laws governing labor relations, petroleum exploration, and profit repatriations, so as to render them more palatable to foreign investors.

Zaire has reversed its earlier policy of widespread nationalizations of foreign-owned enterprises, and has returned most of the holdings to their previous owners. The government now actively seeks foreign investment. Tanzania has moderated at least some of its former attitudes which discouraged foreign investment, and now emphasizes the important role the private sector can play in developing the economy. The government now tries to attract foreign investment, especially in certain designated industries.

Indonesia has attempted to simplify its complex investment approval and incentives systems by publishing a comprehensive priorities list and establishing a "one-stop" approval process. Thailand also has implemented a streamlined investment service center, as well as a new Investment Promotion Act. Malaysia has shown flexibility in the implementation of its Industrial Coordination Act, whose requirements for foreign equity dilution and the issuance of licenses for production have worried foreign investors. Malaysia is actively encouraging multinational companies to establish regional headquarters there, and the Government has announced plans to relax immigration restrictions on expatriate employees. Taiwan has boosted the already liberal incentives it offered to investors in capital-intensive, high technology fields.

This is only a partial list, but it illustrates how a number of LDCs have liberalized aspects of their foreign investment policies in an effort to mitigate the effects of world recession on inward flows of private capital.

Cautious optimism

It is too soon to tell whether the loosening of restrictions and the broadening of incentives constitutes a trend toward a more relaxed world investment climate, or whether the restrictions will return as world recovery progresses. U.S. investment in the developing world has not yet shown any sudden upsurge, in spite of the concerted efforts of many LDC governments to attract it. The latest Department of Commerce survey of the 1978 capital expenditure plans of majority-owned foreign affiliates of U.S. companies indicates that those expenditures will be slightly up from planned 1977 levels in developing countries, but down from earlier estimates of 1978 spending. This may be due to continued sluggish growth in world markets, excess world capacity in some LDC industries, or a lingering fear of a return to more restrictive host government policies.

A dramatic shift toward more liberal investment policies is part of efforts to mitigate the effects of recession.

Major investment opportunities continue to exist for American companies in the developing world, and U.S. private capital continues to represent the single largest source of development funds for LDCs. Recent developments in many countries give reason for cautious optimism that in the near-term future the world climate may be more conducive to foreign investment by American firms than the recent past. However, governments can be expected to continue their hard bargaining with prospective investors and their insistence that a greater share of the benefits of investments go to the host countries. The success that U.S. enterprises enjoy in their future operations overseas will depend on how well they continue to meet the challenges posed by the new environment for international investment.

Bahrain Shifts To Lower Gear For Long Development Haul; Planning Gets New Emphasis

The Government of Bahrain is settling into a "consolidation" stage in its development while trying to maintain an emphasis on development of its social sectors. In its first two-year budget announced for calendar years 1978 and 1979, the government has no new projects other than the move into full swing of the island's first sewage system and construction of long-planned electrical generation capacity. Health and housing sectors will receive major expenditures but only enough to continue to completion the projects already under way.

Bahrain has carried its program to become a regional service center several steps further by permitting organization of offshore investment banks and offshore commercial companies. It is studying manpower planning and the educational structure to determine how it can staff this program. In the private sector some concern arose in the construction trades during the last half of 1977 that the boom had gone too far. Although all indications are that there is or soon will be an oversupply in hotels, offices and apartments, new building starts continue with builders appearing confident. After several years of trading boom, port congestion and other unsettling factors, this sector has resolved its problems and settled into a more sustainable growth, reports the U.S. Embassy in Manama.

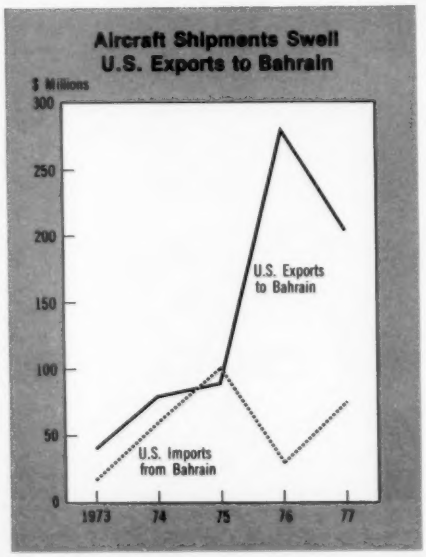
The "crash" government housing program continues to receive top priority as it has since the abolition of the National Assembly in August 1975. At that time the Prime Minister said that the two most important political and social priorities of the government were to increase the number of houses available to Bahraini nationals and to contain the then spiralling cost of living which was eating away middle and low income salary gains. Since the establishment of the Ministry of Housing in late 1975, about 5,000 houses have been built or contracted for and current Ministry planning is for 1,200-1,500 housing units per year until the housing "crisis" subsides. Approximately one in every six Bahraini families (or 10,000) has registered for public housing.

Inflation is a regional (and of course international) problem of great magnitude and complexity. In Bahrain, the government appears to have been successful in limiting cost of living increases for an average Bahraini family to about 13 percent during calendar year 1977 (this compares favorably with the estimated 25-30 percent inflation during 1974-76). This success, however, has been at a cost to the government of several million dinars in subsidies for those items considered essential for the average Bahraini, e.g., rice, cooking oil, soap, milk powder, wheat, eggs, chicken and most meats. The wealthy and expatriates who use a smaller portion of these items experienced an inflation rate of approximately 17 percent in 1977 according to government estimates. There is some reasonable hope of bringing the inflation rate close to 10 percent in 1978.

The construction boom has abated somewhat and is not likely to be as lively for the next few years. About 30 percent of bank lending went to the construction industry during the first three quarters of 1977, continuing a trend started in 1976 when this sector overtook the trade sector in borrowing for the first time. However, banks began to tighten construction lending in late 1977. A few builders of hotels, apartments and major commercial buildings who were arranging continuing financing during construction are experiencing some difficulties, although no major buildings are expected to remain half-built for long.

There is presently an oversupply of luxury apartments and office space and a near balance of luxury or high-price housing. Hotel space has moved from a severe shortage just a year ago to near balance now and an oversupply is foreseen within one year. Construction of roads, electricity generation, Bahrain's first sewage program and (beginning perhaps in 1979) the causeway between Bahrain and Saudi Arabia should keep this sector active, but less than in recent years.

Until 1974 Bahrain had been unique in the region with an excess of skilled local manpower. Since 1974, however, there has been not only a shortage of local labor but an increasing use of expatriate labor. This trend continued to grow through 1977, but planners in the government are aware of and concerned about the social implications of a large foreign work force. The government is encouraging a shift in recruitment from India and Pakistan to Thailand, Philippines and other Far East countries to prevent one foreign nationality or region from predominating in the labor force.



With the arrival of a significant number of international banks, the competition for Bahraini manpower which used to be restricted to blue-collar skilled laborers (welders, fabricators, etc.) has now extended into white collar categories. Salaries paid local labor, both blue and white collar, have increased considerably as a result. A dramatic result for this region is the movement of females into the labor force. Some 10 percent of females between 20 and 30 were employed in 1977.

Since Bahrain's oil reserves are expected to be depleted in less than 20 years at current production levels, the government has for several years vigorously promoted other industries and services in order to lessen dependence on petroleum for revenue and for employment. Seventy percent or more of state revenues have traditionally come from the oil sector, but this figure was reduced to 64 percent in 1977 and is budgeted for about 60 percent in 1978. Since 1971 the Aluminum Bahrain (ALBA) smelter has utilized imported alumina and Bahrain's relatively abundant non-associated natural gas to manufacture aluminum ingots. ALBA was designed close to the margin as an employment market when Bahrain appeared to need extra employment and has been plagued with a depressed world market in aluminum. This market has recovered sufficiently to permit increased shipment of large stocks of stored ingots. ALBA has been an excellent technical success by exceeding rated production capacity consistently for the past two years.

Bahrain has developed several downstream industries from ALBA. An aluminum extrusion plant (BALEXCO) and an aluminum powder facility began production in early 1977. An aluminum cable plant and a firm to manufacture window and door frames from BALEXCO production should begin production in 1978.

The Arab Shipbuilding and Repair Yard (ASRY) which is owned by the Organization of Arab Petroleum Exporting Countries received its first drydock ship in October. This facility can handle all but a few of the very largest crude carriers and will soon be capable of complete maintenance, overhauls, and conversions. ASRY has performed well under management of the Portuguese firm Lisnave and has serviced a steady stream of vessels of all sizes without problem. The aluminum industry, ASRY, the long-established major oil refinery (BAPCO) and a $90 million project scheduled to start in 1978 to capture associated gas from oil production are expected to be the basic industrial under-

pinnings of the Bahraini economy for the foreseeable future.

Bahrain's traditional role as a regional services and commercial center has been markedly expanded in the past two years. Its central location, the availability of office space and private housing (albeit very expensive), coupled with its good communications and transportation systems, have proved attractive to many foreign firms. The number of American firms with offices in Bahrain doubled in 1976 to approximately 60. This growth slowed in 1977 due to high office and housing costs but interest again expanded in early 1978. An important element in the expansion of Bahrain's service center role has been the arrival of many major international banks.

In late 1975 the Bahrain Monetary Agency launched a well-timed program of "Off-shore Banking Units" (OBU's), which has attracted 40 international banks, including several prominent American ones. The aim, briefly, is to create an Arab money market (somewhat on the lines of Singapore's) during Arab working hours. The program is already considered a success and according to the Bahrain Monetary Agency, OBU's in Bahrain were handling funds in excess of $15 billion by the end of 1977. In December 1977 the Bahrain Government issued regulations governing a new program of "exempted" (offshore) commercial companies. This will permit firms to organize regional headquarters without Bahraini sponsorship or partners.

Bahrain continues to boast that it is the transportation center of the Gulf, although other states in the region are rapidly increasing and improving their facilities. Gulf Air, the regional airlines jointly owned by the governments of Bahrain, Qatar, United Arab Emirates and Oman, is headquartered in Bahrain and has witnessed a startling expansion of its services and fleet in the past two years. According to the latest airline guide, 43 cities can be reached from Bahrain without changing planes.

One of the most dramatic improvements in Bahrain, and one of tremendous economic benefit, has been clearing of the port backlog. Prior to 1977 ships had to wait as long as a month to offload. Uncleared and warehoused goods were not well organized, adding to the delay and loss from spoilage. In 1977 this backlog was eliminated entirely and the customs and warehousing effectively reorganized. By the end of 1978 port berths will have increased from 8 to 13, including new ro-ro and container facilities. An important improvement in efficiency was brought about by contracting for experienced Korean staff to man the port and train Bahrainis. New regulations increased storage charges within the port, moved goods after a limited period to less desirable storage outside the port area and placed uncleared goods up for public auction after 6 months. With this improvement, goods movement through the port continues to increase and costs to merchants are lower, as the port surcharge, which was as high as 38 percent, has been eliminated.

Other ports in this region also have been greatly improved but Bahrain continues to reexport very large quantities of goods to the Eastern Province of Saudi Arabia and to a lesser extent to Qatar, Abu Dhabi, Kuwait and Iran. About 50 percent of Bahrain's non-petroleum exports in 1977 went to Saudi Arabia. Imports and exports in 1977 climbed at the rate of 15 percent, which is a much more reasonable and sustainable growth than the 50 percent-plus shown in recent years.

In many ways the economy of Bahrain is becoming more closely tied to that of the Eastern Province of Saudi Arabia and the symbol of that relationship, the 22-mile causeway linking the two countries, seems about to become reality. A bilateral ministerial committee and bilateral technical committee have been appointed to direct and manage the project. A Dutch firm is currently completing a small core drilling contract and the Danish consultants are receiving prequalification documents from potential bidders. The bid documents are expected to be available in late 1978 for the project, which is currently estimated at $825 million. Actual construction is planned to take 4½ years.

Business situation is changing

The runaway economic expansion in Bahrain and the neighboring region has peaked and will affect both the type and method of business in the future. In the past the oil-related industries, construction, consultants and engineers have predominated among American business in the region. While these sectors will continue to be very important, and likely predominant in dollar terms, new opportunities will open and new means of doing business will develop.

During the boom the desire for rapid design and delivery of projects too often took precedence over careful planning and project management. Local officials were willing to listen to almost any proposal—particularly from a well-known Western firm. Now governments are emphasizing longer-term planning of the entire government sector of the economy and are much more selective in proposals they will entertain. They are becoming very cost conscious with major construction projects increasingly going to Asian firms.

American firms have not benefited much from the local construction boom in Bahrain, with most contracts going to European firms. However, American consultants, architects and design engineers have had significant success which should continue. The private sector in particular is becoming aware of vast quality differences in these services and desires the latest technology and efficient service provided by Americans. American quality control is well-known in this region, as is the general U.S. reputation for reliable delivery. However, some Asians are developing an excellent reputation for delivery and a few large and small U.S. firms are beginning to tarnish the American reputation in this regard.

Americans are generally disadvantaged since they are not the traditional sources of supply in the Gulf. Since American business, despite its reputation, does not appear particularly aggressive in comparison to European and Japanese firms active in the region, the necessity of repeated visits cannot be overstated. The Gulf region promises to be of long-term and expanding interest to the United States and despite the small sizes of the local populations, many development and infrastructure projects of significance are currently on-going and yet more are projected for the future. Once an initial contract is won, it is imperative to make special efforts to perform well, for reputations, good and bad, travel quickly in the region. There is increasing evidence of inter-government regional coordination and sharing of commercial information. A common first question in a Minister's or merchant's office is: Where in the region have you had projects?

The American Embassy and U.S. Department of Commerce can supply English translations of relevant Bahraini laws and regulations regarding foreign investment, commercial agency relationships, establishment of commercial companies as well as local practices which are not codified. For executives who visit Bahrain, the Embassy can facilitate initial contacts with key government officials as well as private merchants. For those able to visit Washington before embarking on a Gulf visit, a briefing at CAGNE (Commerce Action Group for the Near East) is useful. For those stopping in Athens, the RTDO (Regional Trade Development Office) should be visited.

Once in Bahrain, it is strongly recommended that representatives of American firms make known their interests and expertise to relevant Ministries as well as the Bahrain Chamber of Commerce and Industries. Officials of the Ministries of Development and Industry; Commerce; Housing; and Public Works, Water and Power are often key decision-makers in government tenders.

Key areas in which there appear to be scope for expanded trade with Bahrain include the following: heavy machinery, chemicals, building materials and equipment, automobiles, foodstuffs, materials handling equipment, refrigeration and heating equipment, hotel, restaurant and hospital equipment, home and office furniture and furnishings, and leisure equipment.

Oil Money Brings Venezuela Vigorous Economic Growth Plus Associated Problems

Despite the fact that Venezuela's oil production has declined in volume since 1970, the country has enjoyed a high level of income since 1973 as a result of the increase in world oil prices. This situation has resulted in a vigorous increase in gross domestic product at current prices, especially in 1973 and 1974, and average annual real growth of 7 percent. Although production in the extractive industries has suffered significant declines since 1974, the non-extractive sectors, including manufacturing, have exhibited healthy real growth. As major projects come on stream, the U.S. Embassy in Caracas expects production of alumina and aluminum, iron and steel, power and coal to increase significantly. These projects have been financed by oil revenues and by heavy borrowing abroad.

But the influx of money has caused problems as well. During the past year the government and other informed sources have begun to express concern about several problems which could adversely affect the development of Venezuela's economy. The first of these is inflation; rapid growth of the money supply and heavy government spending have forced prices upward and made Venezuela economically dependent on imports to supplement local sources of supply for almost all types of goods and services.

Measures introduced in July 1977 to reduce the supply of money through credit restrictions and increased bank reserve requirements stopped money supply growth almost completely for several months. Nonetheless, the money supply grew by 23 percent in 1977 as a whole and, because of complaints from the private sector, the government currently is taking steps to ease liquidity shortages. The Banco Central has estimated that the consumer price index will go up by 10 percent in 1978, in spite of a pervasive system of price controls.

The second problem is the rate of increase of imports into Venezuela. Imports grew by an estimated 34 percent in 1977, totaling an estimated 235 percent since 1973. Largely because of the imports' problem, Venezuela is expected to incur a current account deficit of over $1 billion in 1978, and its first trade deficit in decades. The Government of Venezuela has introduced measures intended to control the rate of growth of imports (see following story). Special attention is being given to controls on consumption goods and on capital goods purchases abroad by the public sector. In spite of these difficulties, the government intends to proceed with plans for major development projects, relying heavily on inputs of goods purchased abroad.

The third area of concern has been the level of government expenditures, which have more than tripled in the four years since oil revenues increased sharply in 1974. The government has promised to hold expenditures to 1977 levels during 1978, and the budget passed by the Congress for 1978 reflects this policy. However, it may prove necessary for the government to seek additional credits (supplementary appropriations) during this election year out of political necessity.

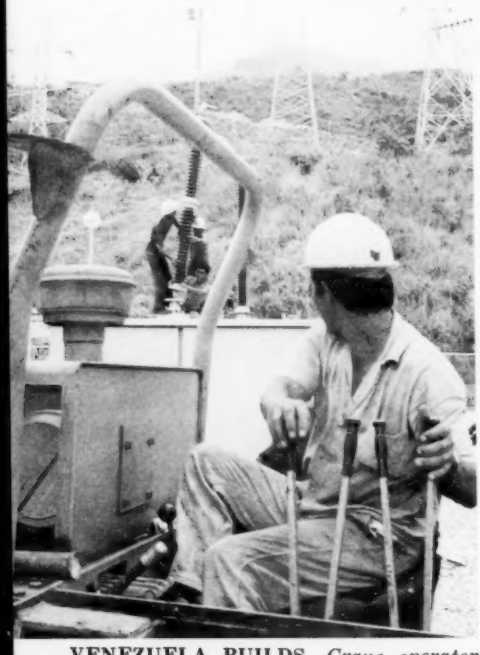
A variety of major projects in Venezuela will present substantial export opportunities for U.S. firms during the coming year. In the petroleum sector, refinery contracts totaling over $200 million remain to be let and Petroleos de Venezuela plans to invest $20 billion during the next 20 years. CORPOZULIA's Coal Project (including port and railroad facilities) and INTERALUMINA's alumina plant, each costing approximately $650 million, should move ahead. The National Telephone Co. will spend about $100 million on telephone and telex equipment, and will be taking some preliminary steps toward acquiring a $400 million electronic switching system. A $100 million national airspace control system will be bid in late 1978. Power transmission lines and substation projects will total about $300 million. Fuel-fired power plants could run about $150 million.

Projects related to SIDOR's Plan IV (increasing steel production to 5 million tons annually), totaling about $500 million, and a $133 million specialty steel plant, while delayed, as well as a $150 million carbon electrode plant, should begin to move at year's end. Selection of a partner, or partners, should provide an impetus to CORPOZULIA's $2.5 billion steel project. The Astinave shipyard could present substantial export opportunities later this year.

Other multi-million-dollar projects such as a tractor plant, the third Caroni River Bridge, Caracas Stadium, grain storage facilities, a cement plant, salt refinery and a float glass factory also merit the attention of U.S. exporters, engineering consultants and construction firms.

Imports of consumer goods have continued to grow rapidly. Until such time as more severe import restrictions may be imposed, U.S. exporters of housewares, sophisticated consumer electronics, sporting goods, and private aircraft can, with aggressive promotion, increase sales at 25-35 percent per year. Venezuela also continues to be a good market for a wide range of capital goods and semi-finished industrial inputs.

The U.S. Department of Commerce and the Embassy will be sponsoring a series of exhibitions aimed at capturing these market possibilities, including a mission/seminar on concrete construction in August, and shows featuring plastics and rubber production equipment in September and petroleum/gas production and refining equipment in January 1979.



VENEZUELA BUILDS—*Crane operator inches equipment into place for power transmission system financed by Inter-American Dev. Bank in western region.*

Venezuelan Visitor Clarifies Recent Import Prohibitions

In a recent visit with senior officials of the U.S. Department of Commerce, Dr. Reinaldo Figueredo, Director of Venezuela's Foreign Trade Institute, explained his government's recent decision to prohibit the importation of consumer goods that directly compete with locally manufactured and assembled products.

Dr. Figueredo explained that Venezuela has become concerned about the high growth rate of imports in recent years both from a balance of payments and an industrial development standpoint. Recently, import prohibitions were imposed on various products while official commissions were established to give closer scrutiny to foreign purchases planned by Venezuelan agencies and enterprises, including those for major development projects. While the import prohibitions are limited in scope, some U.S. suppliers, particularly in automotive parts, will be adversely affected. There will probably be amendments to the prohibitions after further study by industry and the Venezuelan Government. For the longer term, U.S. suppliers face an increasingly difficult challenge as Venezuela takes a more questioning position on imports, especially if and when it carries out its expressed intention of extending import substitution policies to intermediate and capital goods.

Nevertheless, for the time being, products on the prohibition list may still be

imported if an exoneration is granted. Also, prohibited items can continue to enter Venezuela when imported by government agencies or through the duty-free port of Margarita, which is rapidly becoming one of Venezuela's major outlets for imported luxury consumer items.

Specific items prohibited under Venezuelan decree 2621 of March 22, 1978 include the following categories: 27.10, insulating oil; 40.05, granulates; 48.11, wallpaper; 58.01, carpets; 58.02, other carpets; 58.03, tapestries; 64.01-64.06, shoes; 69.10, bath fixtures; 73.22, silos; 73.36, ranges; 84.01, boilers; 84.11, kitchen fans; 84.15, refrigerators; 84.17, distillers; 84.22, elevators; 84.40, washers; 84.52, calculators; 84.56, concrete mixers; 85.12, appliances; 85.15, televisions; 87.09, motorcycles; 87.10, bicycles; and 89.01, yachts.

Group Endorses $2.5 Billion Aid Level For Indonesia

The Inter-Governmental Group on Indonesia (IGGI) recently convened in Amsterdam to consider the recent performance of Indonesia's economy, examine development prospects and discuss external financing requirements for 1978/79, the Indonesian fiscal year ending next March 31.

The meeting was attended by delegations of 13 donor countries including the United States, representatives of the International Monetary Fund, the World Bank, the Asian Development Bank and the United Nations Development Program, who participated in the discussions, and various observers.

The Group agreed that the level of $2.5 billion of external financing commitments recommended by the World Bank for 1978/79 seemed appropriate. Of this amount, $1.75 billion, or 70 percent, should be on concessional and semi-concessional terms, including some contributions from non-IGGI members. Indications were given that new commitments would be in the vicinity of the target.

The Indonesian delegation stated that since the Group's last meeting in April 1977 the Indonesian economy has grown at a satisfactory rate of 7 percent despite the disappointing developments in the world economy. A buoyant balance of payments contributed to this performance. Both oil and non-oil exports increased. Savings in foreign exchange expenditure were achieved through the further development of import substituting industries. However, a sizable portion of increased export earnings and foreign exchange savings was used to import considerable quantities of rice needed to meet the shortage in production caused by pest infestation and unfavorable weather conditions. Domestic investment continued to be high, and inflation was further reduced from 12 percent in 1976/77 to approximately 10 percent in the 1977/78 period.

IGGI members were in agreement with favorable comments by the World Bank and the IMF on Indonesia's recent progress. Indonesia's performance in resource mobilization has been one of the most creditable among developing countries. However, with the rapid increase in oil consumption in Indonesia, the declining rate of increase in oil production, and the resulting uncertain prospects for oil revenues, the relative contribution of oil exports to domestic investible resources was likely to decline. A broadening of the base of domestic resource mobilization would therefore be required to maintain the momentum of development.

Concern was also expressed about the recent unsatisfactory level of food production and the consequent need for large-scale rice imports. In the early eighties, Indonesia's available development resources could be heavily preempted by food imports, unless the growth of food production improves significantly. Indonesia plans a major effort to increase food output in 1978/79, the last year of the Second Five-Year Development Plan. Its overall development objectives are equity, growth and stability, with the benefits of development fairly distributed to all layers of society.

One of the most encouraging developments was the significant decline in population growth and fertility in Indonesia in the period 1971-76. The family planning program succeeded in reducing the overall population growth rate to below 2 percent.

Private investment, both domestic and foreign, plays a vital role in meeting capital requirements for development. The Group noted with satisfaction the Indonesian Government's intention to continue to encourage the expansion of private sector activities. This includes steps to improve the investment climate and develop labor intensive activities, particularly in rural areas, which will create job opportunities, assist in reducing income disparities between rural and urban areas, and contribute to the expansion of exports. The need for job creation in the industrial sector is particularly acute since employment opportunities in agriculture will be limited in the future.

The Group noted that net resource transfers from abroad had declined in recent years, partly as the result of increased debt service. It also welcomed the intention of the Indonesian authorities to keep borrowing on commercial terms within prudent limits. In this regard, the Group noted with satisfaction that the government had successfully replaced on more favorable terms a large part of the 1975 syndicated cash loans obtained to help weather a financial crisis engendered by activities of Pertamina, the state oil company.

Dominican Economic Outlook Is Decidedly Upbeat, Although Some Belt-Tightening Looms

The Dominican economy registered its third consecutive year of moderate growth in 1977 after seven years of impressive expansion. Real growth for 1977 reached 3.3 percent, following increases of 5.3 and 6.3 percent in 1975 and 1976, respectively, according to the U.S. Embassy in Santo Domingo.

To counter falling sugar prices, the Dominican Republic has continued to maintain high export levels of its primary crop while relying on other commodities that are currently enjoying better markets. Sugar income declined approximately 15 percent in 1977, but coffee and cacao earnings, though relatively less important, advanced 73.3 and 108.9 percent, respectively.

The relatively slower rate of growth resulted from greater than anticipated crop damage due to an extended spring drought, a slowdown in the construction sector and the third consecutive year of conservative fiscal policy. Agriculture, which accounts for approximately 20 percent of Gross Domestic Product, increased output only 4.5 percent in 1977. Food and livestock production grew 1.8 and 2.1 percent respectively, creating increased inflationary pressures and necessitating additional commodity imports. Although the construction sector, 6.4 percent of GDP, continued to be less active in 1977, the government proceeded with major public outlays on three irrigation projects totaling almost $150 million, as well as with minor road construction. Two major government projects (Port of Haina development and Santo Domingo-Santiago highway), originally scheduled to begin during 1977, experienced some delay pending the arrangement of financial packages. Fiscal authorities continued their tight rein on spending, increasing central government expenditures only 8.7 percent. Mining, industry and commerce, which together account for 41.7 percent of GDP, posted small gains for the year.

The electrical system recuperated significantly in late 1977 and blackouts ceased to be a major economic hardship. Under a new director, Compañia Dominicana de Electricidad (CDE) confronted its short-term electrical shortages by obtaining a floating power barge from the United States, restoring two damaged units, renewing the tie-in to Falconbridge's generating capacity, and purchasing a 40,000-kilowatt plant from the Virgin Islands. Additionally, greater than normal year-end rains assured sufficient water levels in hydro units to maintain generating capability.

Export earnings for 1977 totaled $780.1 million, an 8.9 percent increase over 1976. During the year, the price of sugar plum-

meted, with the State Sugar Council (CEA), the country's largest producer, selling at an average 9.3 cents per pound, 1.2 cents below its production cost. Total earnings for sugar and sugar products for 1977 amounted to $248.6 million, a 15.1 percent decline compared with the previous year's performance. If the Dominican Republic participates in the International Sugar Agreement, and if as expected the agreement succeeds in raising the price of sugar toward 11 cents per pound by the end of 1978, Dominican sugar earnings should decline by only 3.5 percent to $239.8 million from the 1977 level of $248.6 million. This figure is based on the country's export quota of 935,000 tons and an average 1978 price of 10 cents per pound, assuming no change in by-product exports.

Due to the severe spring drought and speculation that pushed the internal tobacco price as high as 30 percent above the world price, tobacco earnings declined 28.5 percent in 1977 to $28.1 million. Tobacco shipments dropped 41.3 percent as exporters resisted selling at discount. As in the previous year, favorable price trends in the coffee and cacao markets buoyed export receipts; average coffee and cacao prices both increased approximately 100 percent relative to 1976. Coffee shipments edged forward 4.1 percent to 42,720 metric tons and earnings rose 73.3 percent to $174.7 million. Cacao exports advanced 18.1 percent to 29,115 metric tons and receipts grew 108.9 percent to $93.8 million. This year's export performance is expected to decline for both crops, reflecting lower production dictated by the cyclical nature of coffee and cacao in the Dominican Republic and a certain amount of price resistance in consumer countries.

Outlook for minerals

Gold and silver exports experienced a 23.1 percent rise to 1.6 million troy ounces, with earnings advancing 0.2 percent to $54.9 million. Future gold and silver exports will increase significantly when the new Los Cacaos field is brought into production. Bauxite earnings rose 41.9 percent to $22 million. Considering the relatively optimistic price outlook for bauxite, earnings should continue to increase in 1978 as long as current production levels are maintained. Ferronickel exports declined 17.4 percent to 45 million pounds, earning $91.4 million, a 17.5 percent drop from 1976's total. Exports for 1978 should decrease further in the face of a deteriorating world nickel market, which forced Falconbridge Dominicana to reduce production to one-third of installed capacity as of January.

Reversing last year's small decline, imports rose 11 percent to $847.6 million in 1977. Leading imports were petroleum and petroleum products ($247.9 million), mechanical machinery ($123.1 million), motor vehicles ($79.5 million), iron and steel products ($71.8 million) and cereals ($59.8 million).

The Dominican Government continued to impose import restrictions in 1977 and renewed its efforts to capture more foreign exchange. In January and December of 1977, the Central Bank enlarged the list of items for which official exchange would not be made available and which therefore must be imported through the more expensive parallel exchange market, and reduced the amount of relatively cheap official exchange available for certain import purchases. A "gas-guzzler" import tax on automobiles was imposed, as was a requirement that all government agencies obtain prior import approval.

To capture a greater share of foreign exchange, the Central Bank required all importers' commissions to be paid in local currency and stepped up prosecutions of those accused of exchange law violations. The Central Bank Monetary Board considered but has not yet adopted measures that would shorten the foreign exchange surrender period for certain exports, require certain exports to be purchased with a 90-day irrevocable letter of credit, and oblige non-licensed exporters to make exchange deposits prior to sale.

Although the year-end current account balance showed a $272 million deficit, preliminary figures indicate that increased capital inflows and tourist income yielded a $59.2 million balance-of-payments surplus for 1977.

During the year, the Dominican Government drew $45 million of the $60 million Venezuelan oil credit arranged in 1976 and $17.4 million from the International Monetary Fund credit tranche. The Monetary Board approved a number of sizable suppliers' credits and private loans near the end of the year, which had the effect of pushing the balance of payments into the black. Public external debt increased to $596.7 million, but remains manageable with a debt-service ratio (share of annual export earnings required to service external public debt) of only 7.7 percent, one of the lowest in Latin America.

The Dominican Republic exported $631.0 million worth of goods to the United States in 1977 (80.9 percent of total Dominican exports) and, in turn, imported items valued at $424.0 million from the United States (50 percent of total Dominican imports). The United States is one of the few countries with which the Dominican Republic enjoys a trade surplus, and remains the country's major trading partner. American products compete effectively in the Dominican marketplace. U.S. goods are prized for quality, durability, rapid delivery, good follow-up servicing and easy accessibility to spare parts.

Government-sponsored programs to expand electrical output, create new irrigation works and promote agricultural development provide favorable sales opportunities in energy systems, construction equipment and supplies and agricultural machinery and equipment. The tourism sector will continue to grow, creating the need for hotel and restaurant equipment and supplies. Other opportunities exist for buses, trucks, trailers, home electrical appliances, food processing and packaging equipment, business equipment and systems, metalworking and finishing equipment, and health care equipment and instrumentation.

Ghana's Economic Decline Stems From Deficit Spending, Prolonged Drought Conditions

Despite Ghana's relatively good physical and human infrastructure and economic potential, per capita income has been declining on the average by an estimated 2 percent annually for the past seven years. The decline has accelerated over the past three years, according to the U.S. Embassy in Accra.

The most obvious symptom of Ghana's economic problems is inflation, which has now reached the triple-digit level. A primary cause of the inflation is the size of the government deficit, which reached 924 million cedis for the 1976-77 budget year, or about 50 percent of expenditures. The deficit is financed primarily by borrowing from the Central Bank.

The planned budget deficit for the current fiscal year (1978) is 327 million cedis, but expenditures are believed to have exceeded estimates, while tax revenues may be below projections.

Ghana's monetary unit, the cedi, was devalued effective June 19 following adoption of a flexible exchange rate policy. The latest quotation is 1.35 cedis to the dollar. The former fixed rate was 1.15 to 1.

The sharp rise in labor costs has further fueled the inflationary environment. The government had agreed to review the national minimum wage in mid-1977. A tripartite committee including representatives of the government, workers and employers agreed on a four cedis-a-day minimum, up from 2.70 cedis. Pressures from civil servants and then from the trade unions resulted in an across-board increase for most workers. The final settlement, retroactive to July 1, 1977, increased wages as much as 111 percent at the lowest level.

Ghana, like many developing nations, depends on exports of a few raw materials to provide the foreign exchange for imports of the capital goods necessary for development, and the industrial goods and spare parts to keep its relatively large industrial sector operating effectively. With a fixed exchange rate and continued inflation, foreign exchange became rela-

tively cheap at the official rate and the gap between export earnings and the amounts of foreign exchange sought for imports widened. Restrictive techniques to control imports, including foreign exchange controls and import licensing, special taxes, and prior deposits, have proven relatively ineffective.

In an effort to keep prices down and assure adequate supplies, the government has tried various controls on the distributive sector. Only designated outlets were permitted to sell "essential" commodities and a government agency was established to import these commodities for the entire economy. These controls have since been replaced by new ones. The Ministry of Consumer Affairs, for example, was recently established to regulate and promote consumer cooperatives through which essential goods are distributed to members at controlled prices. These measures failed to contain inflation, however, and shortages of both local and imported goods persist.

Government officials recently have publicly advocated new monetary and fiscal policies to arrest the deteriorating economic situation. For example, in a recent speech to the Ghana Manufacturers' Association, the Commissioner (Minister) of Finance advocated budget discipline and the loosening of controls on foreign exchange and the distribution of goods. Most observers agree that fundamental reforms will be necessary to reverse the decline and lay the basis for future economic growth.

Around 70 percent of Ghanaians live in rural areas and depend on agriculture for much of their livelihood. The main food crops include cassava, maize, plaintain, rice, and peanuts. These and other crops are primarily for domestic consumption but because of adverse weather and other factors, harvests have been poor since 1975. Ghana has had to import sizable quantities of staples such as rice, wheat and maize to meet domestic requirements. The northern part of the country has been particularly affected, and several donors including the United States have provided food commodities to meet the emergency. The outlook for the 1977-78 agricultural year appears to be better than the past three years, but it is too early to predict the harvest.

Ghana's main cash crop and foreign exchange earner is cocoa. The country supplies about 20 percent of world cocoa output, but production has declined over the past decade. The Ghana Cocoa Marketing Board recently announced that total purchases of the 1977-78 main crop were 263,000 tons, down 47,000 tons from 1976-77. Local observers generally agree that as much as 40,000 tons or more of this year's crop was smuggled to neighboring countries to be sold for hard currency. World cocoa prices reached record levels in 1977 and continue relatively high. Total receipts from cocoa not including those smuggled out of Ghana, are expected to be around $850 million this year.

Tropical hard woods are an important source of foreign exchange for Ghana. Logs and lumber are the main exports, but veneer, plywood and knocked-down furniture are also produced. Rising internal costs and shortages of capital equipment and supplies have hampered exports of forest products, however.

Fish is an important ingredient in the local diet and Ghana has a relatively well-developed fishing industry. Much of the fishing is done by traditional fishermen using dug-out canoes, but several firms have coastal and high seas fishing operations. In 1975 the total marine catch was 203,000 metric tons, but Ghana remains a net importer of fish. In mid-1977 the government-owned State Fishing Corporation ordered new fishing vessels from Italy and the Netherlands to modernize its Tema-based fleet. A trade mission representing U.S. fisheries' industries visited Ghana in June 1977 and found a potential market for some of their products.

Tema Gets Free Zone

A free zone in Ghana's main port, Tema, may stimulate new foreign investment. The developers hope that foreign investors will use Ghanaian labor and the port to tap Nigeria, the largest market in West Africa, and other nations of the Economic Community of West Africa. Investors in the free zone will receive various tax concessions, including exemption from income and employment taxes, import duties and sales taxes.

Ghana has a relatively large manufacturing sector, with industries such as textiles, cement, brewing, tobacco, rubber products and vehicle assembly well represented. Most firms depend heavily on imported raw materials and components, however. Foreign exchange allocated for these imports has not been sufficient, and most factories are operating below capacity with many plants closed intermittently due to shortages of imported inputs and/or spare parts.

The extractive sector has long been a large employer and an important source of foreign exchange. Exports of gold, the most important mineral, totaled 82.3 million cedis in 1977. Other minerals produced are manganese, diamonds (chiefly industrial), and bauxite. There has been little new investment in the extractive industries and mining suffers from shortages of imported equipment and parts. Thus, the output of Ghana's "traditional" minerals has tended to stagnate in recent years.

A new development in the extractive sector is the discovery of oil in commercial quantities. A U.S. firm has now drilled 6 wells off the coast of Central Ghana and government officials have said production would begin in 1979. The discovery is modest by world standards, but it has stirred the interest of other petroleum firms and new offshore concessions are expected over the next few months.

No data on new construction is available, but the pace of luxury housing starts in Accra and other principal towns appears to be on the increase. Projects are often delayed because of shortages of imported building materials, principally cement.

Bilateral donors and multilateral agencies such as the World Bank, the African Development Bank and the United Nations provide technical and financial assistance for economic development efforts in Ghana. The only recent, large infrastructure project in Ghana is the Kpong Hydroelectric scheme. The dam and other works, to cost around $230 million, will have a capacity of 160 MW when completed in 1981. The World Bank, the Canadian International Development Agency, the European Investment Bank and Arab sources are providing financing for the complex. The World Bank is also financing the reconstruction of a trunk road near Accra and the modernization of Ghana's telecommunications network.

The U.S. AID program has two major elements. First, it is assisting the government to formulate and execute rural development programs focused on the small farmer. This element is aimed at providing the small farmer with access to needed agricultural inputs (extension services, credit, seed, fertilizer, etc.) that will increase productivity. Other AID programs are providing training for the officers and staffs of various ministries concerned with rural development so that they may better plan, coordinate and implement their programs.

A second AID emphasis is to improve Ghanaian health and family planning programs. AID is assisting the government to develop a national health policy and to translate that policy into programs for the delivery of health services to rural areas.

Besides the United States, the Federal Republic of Germany, Canada and the United Kingdom are important bilateral aid donors. Preference in supplying equipment and services for projects funded by these countries and other bilateral donors is usually given to firms of the donor nation. Small-scale implements and other farm inputs are the principal U.S. products that are eligible for financing through AID.

The United States has been Ghana's main supplier of agricultural commodities and an important source of manufactured goods such as tractors, lubricants, and ma-

GHANAIANS IN OAKLAND—*Two visitors from Ghana were hosted by the Port of Oakland late last year. Shown above inspecting an aerial photo of the Oakland waterfront are, from left, Ernest Tettah, First Secretary of Information at the Embassy of Ghana in Washington; Walter A. Abernathy, Executive Director of the Port of Oakland; and Alexander Cobbina of twin Ghanaian coastal cities of Sekondi/Takoradi.*

chinery for construction and mining. In 1977 U.S. sales to Ghana were $146 million. The U.S. is also an important market for Ghana, particularly for the country's main export, cocoa. In 1977 U.S. imports from Ghana totaled $214 million.

The Government of Ghana's annual import program is designed to ensure that the country's foreign exchange receipts cover necessary imports. Foreign exchange earnings from cocoa exports, the key variable, are expected to total at least $850 million in 1978, while other export receipts should bring the total to over $1 billion. The initial 1978 program, likely to be reduced, was set at $1.4 billion. Delays in the issuance of import licenses and letters of credit have been greater than in the past and no letters of credit were issued until late in the first quarter. Ghanaian trade regulations prohibit or restrict the import of certain products, chiefly consumer goods, to protect local industries. In practice, however, imports of these goods are sometimes permitted. The Ghanaian tariff has been simplified and duties on consumer items are generally higher than those on other goods.

The best prospects for U.S. exporters appear to be in supplying capital equipment for forestry, mining, agriculture and fishing. Observers generally agree that these areas have proven potential which the government is interested in developing.

The Embassy is hosting a U.S. Department of Commerce exhibit of catalogs from American manufacturers of agricultural equipment this month.

U.S. investment in Ghana is near $275 million, with the Volta Aluminum Co. smelter, owned by Kaiser and Reynolds, accounting for about 80 percent of this total. Other American firms operating in Ghana include Firestone, Texaco, Mobil and Union Carbide. The delay in repatriating profits and dividends and the general economic slowdown has discouraged new foreign investment, however. A notable exception is in petroleum exploration. The recent discovery of oil in commercial quantities has stimulated interest in exploration and international firms are negotiating petroleum concession agreements with the Ghana Government.

Madagascar's Socialist Policy Keeps Economy In Doldrums By Discouraging Investment

The Madagascar economy has shown little or no growth for several years. The government is attempting, with the assistance of international development and lending agencies, to spur economic development, but the emphasis placed on the public sector by its policy of socialism, and the widespread nationalizations in industry and agriculture, have discouraged private investors. While Madagascar's foreign exchange position has improved recently, due to high world prices for its export commodities, much of this foreign exchange may have to be used to import rice due to widespread drought in early 1978. The final result of these and other factors is expected to be an aggregate economic performance in 1978 largely unchanged from that in 1977, reports the U.S. Embassy in Antananarivo.

Madagascar's potential for development consists primarily of its abundant underpopulated land and its varied geographic features and climatic conditions. The world's fourth largest island—its 230,000 square miles contain only 8,900,000 inhabitants, for a population density slightly greater than that of Brazil—it would seem to have excellent possibilities in the field of extensive and diversified agriculture. A natural obstacle to development has been, however, the rugged terrain, which makes transportation so difficult and expensive that several potentially productive areas of the island are effectively isolated from their natural markets.

The growth of Madagascar's economy since 1970 has barely kept pace with the population growth (2.8 percent annually). Earlier, this poor economic performance was caused, in part, by uncertainty resulting from various political difficulties, including several changes of government between 1972 and 1975. Understandably, the severe escalation of oil prices during that same period also seriously damaged the economy. The present government, led by President Didier Ratsiraka, came to power in June 1975, and since that time a measure of political calm has returned to the island. However, the new government has embarked on a policy of socialism and nationalization of industries and agriculture which has discouraged private investment, both foreign and domestic. This lack of private investor confidence, as well as cyclone damage to agriculture, are primarily responsible for the poor economic performance during 1977.

The modest estimate for economic growth in 1978 is due not only to continued lack of investor confidence, but also to very extensive crop shortfalls, especially in rice production. Marketed agricultural production has been disappointing in recent years due to inefficiencies in state-controlled organizations awarded marketing and distribution monopolies for several crops. The government has recognized this and is encouraging competition between state marketing agencies to attempt to rectify these problems.

Poor marketing and distribution and cyclone damage forced the government to import 100,000 to 120,000 tons of rice in 1977. It had hoped to not import rice in 1978, but severe and widespread drought in late 1977 and early 1978 necessitated the importation of 50,000 tons in early 1978, and the possibility exists that it will have to import 50,000 to 150,000 tons more for the rest of 1978.

Government is taking control

The nationalization of key industries begun in 1975 continued through 1977. In several cases, notably insurance, banking, import-export, and oil refining and distribution, industries have been nationalized completely, while in other cases, the government has taken majority, but not complete, control of former private companies. Just as the percentage of nationalization has varied, so have the tactics. In some cases, the private investors, mostly foreign, have been given no choice in the matter

and as yet, have received little or no compensation. In other cases, the government and private investors have reached mutually agreed, negotiated settlements, including provisions for compensation. By early 1978, the government reported that it controlled more than 61 percent of the national economy, as opposed to 13 percent when it came to power in mid-1975. Several large businesses remain in private hands, but the threat of impending nationalization has discouraged further investment by many of these firms.

All future foreign investors in Madagascar will be required to be minority shareholders while their Madagascar partners (usually the government) will hold a majority of the equity, with the exact percentage negotiated at the time of investment.

Under the Charter of Socialist Enterprises announced in early 1977 and implemented on May 1, 1978, each nationalized or otherwise government-controlled company will have a Director chosen by the Prime Minister and will be required to include employee representatives on its Management Committee.

Possible strain on reserves

Partially due to effective import restrictions, Madagascar's foreign exchange reserves have averaged approximately $48 million (about 7 weeks imports) in recent years, but possible heavily increased imports of rice, as well as materials and capital equipment for development projects, could severely strain reserves in 1978. High prices for vanilla ($30 per kilogram) and receipts from a good clove crop in 1978 should help offset these imports, but a further fall in world coffee prices would be a heavy blow to the government's balance of payments expectations.

Madagascar continues to enjoy a debt service ratio of 6 percent, and a favorable maturity structure with 53 percent of its external debt held by international organizations and 42 percent held by foreign governments, in both cases with mostly long-term maturities.

One result of slow economic growth is a moderate rate of inflation, estimated at about 8 percent. However, this inflation rate understates the inflationary pressures, because consumer prices are rigidly controlled and the government subsidizes the retail price of rice. This year's heavy rice imports may encourage the government to gradually reduce the rice subsidy, which not only costs over $12 million per year, but also introduces an artificiality in the marketing of this staple, the most important commodity in the economy.

The government budget for 1978 increased approximately $60 million over 1977 to a total of approximately $533 million. The increased expenditures are concentrated primarily in economic development and in expansion of government services in the countryside. It appears that the government will resort to $80 million in deficit financing in 1978. While initially it would appear that this increased spending and borrowing might lead to inflation, existing under-utilized productive capacity, as well as the government's plans to increase imports of capital equipment and other goods for development projects, will probably absorb most of the increased demand.

U.S. economic and commercial relations with Madagascar are likely to remain largely unchanged in 1978. On the trade side, the balance will probably continue to be lopsided in favor of Madagascar. However, three factors may reduce this trade imbalance. World coffee prices are declining, and as this commodity is our most significant import from Madagascar, the value of U.S. imports from Madagascar may decline. Furthermore, it is very likely that Madagascar will make significant aircraft purchases in the United States in 1978 or 1979. On paper then, our trade may appear in balance during the year for which these sales are recorded. This will only emphasize the historical trend that U.S. sales to Madagascar are confined largely to specialized equipment and machinery not available elsewhere, at least at the same quality. Additionally, Madagascar may choose to satisfy some of its rice requirements in 1978 with American rice.

The government directly controls all imports through the issuance of licenses. While imports of most consumer goods are prohibited or severely restricted, importers report that licenses are generally granted for necessary equipment and supplies, especially goods earmarked for development projects.

In recent years, one-third of imports have been capital goods, one-fifth petroleum and one-fifth other industrial products, leaving only 27 percent for all other products including rice and consumer goods.

American export possibilities to Madagascar are hindered by three primary factors:

- Traditional economic and commercial ties with Europe, especially France, in spite of the nationalization of several French and European-owned firms.
- Inability of most U.S. firms to do business in the French language with potential Madagascar importers.
- The great distance from the United States, aggravated by the lack of direct shipping services from the United States. Except when a special charter or voyage is arranged for a particularly large delivery, all U.S. exports to Madagascar must be transhipped at least once, usually in South Africa, and often a second time in Madagascar itself.

The great advantage held by French and other European firms able to promote their products in the French language cannot be overstated. An increased effort by U.S. exporters to use the French language in their dealings with Madagascar would mitigate the handicaps of tradition, distance, and shipping.

Major development projects

The first major industrial investment in Madagascar since 1972 was announced in May 1977 when the IBRD's International Finance Corporation (IFC) led a consortium of foreign government and local investors in the $38 million expansion of a textile mill in Majunga. The IFC is attempting to revive investor confidence in Madagascar, and is reportedly also seriously considering a similar combined investment for the provision of a ferrochrome plant to process Madagascar's chromite deposits. Several U.S. and other western firms are interested in the ferrochrome plant as a joint venture, and the IFC's possible participation should make this project even more attractive to potential investors.

Power for the ferrochrome plant will be supplied by a $130 million hydroelectric project to be financed by several international lending agencies, again led by the IBRD. The Canadian Government has loaned $13 million for overall project design and supervision, as well as for the transmission lines themselves, and therefore Canadian firms will provide these goods and services. However, as the IBRD is expected to loan $33 million for the rest of the project, contractors for construction of the dam and suppliers of the turbine generators will be chosen by international tender, probably in 1978 or 1979. No American firms were among the 39 preselected firms announced in April 1978.

The IBRD is involved in several other existing and planned development projects throughout the country. Interested U.S. consulting and construction firms, and suppliers of capital goods, may obtain up-to-date information from the U.S. Department of Commerce, which receives regular reports on these projects from the U.S. Embassy in Madagascar.

In June 1976, the only sizable U.S. private investments in Madagascar were nationalized when the petroleum refining and distribution industry, including the facilities of two U.S. oil companies, was taken over by the government.

The history of nationalizations, the provisions of the Charter of Socialist Enterprises, and the requirement for at least 51 percent local ownership, will not make investment in Madagascar attractive to most U.S. firms. However, good investment possibilities do exist for U.S. firms able to offer technical, commercial, or marketing expertise not otherwise available to Madagascar.

Federal Deficits Cut $10 Billion In Both 1978, '79; Slower Growth, Slightly Higher Inflation Forecast

This article was written by Chief Economist Courtenay Slater in collaboration with Staff Economist Joseph G. Carson.

Dr. Slater

Revised budget estimates issued by the Office of Management and Budget on July 6 showed that the Federal deficits in both fiscal years 1978 and 1979 are now expected to be more than $10 billion smaller than estimated in January. The deficits are expected to be about $51 billion in 1978 and $48.5 billion in 1979. The smaller deficit in 1978 reflects primarily reduced estimates of total spending. Spending estimates also have been revised down somewhat for 1979, but the major source of the smaller deficit now expected for that year is the decision to delay the proposed tax reduction until January and to reduce the total size of the tax cut to $20 billion from $25 billion.

Short-Range Economic Assumptions

Calendar years

	Administration budget presentation Jan. 23, 1978	Congress first concurrent resolution May 15, 1978	Administration midyear review July 6, 1978
Real GNP			
Percent change*			
1978	4.7	4.6	4.1
1979	4.8	4.4	4.3
Unemployment rate			
Fourth qtr., percent			
1978	6.2	6.2	5.9
1979	5.8	5.7	5.6
Consumer price index			
Percent change, Dec. to Dec.			
1978	6.1	5.9*	7.2
1979	6.0	6.0*	6.5
Interest rate, 91-day Treasury bill			
Percent			
1978	6.1	6.6	6.5
1979	6.1	6.4	6.6

* Year over year percent change

Change in Budget Receipts

Billions of dollars

	1978	1979
January budget estimate	401.3	440.5
Changes in legislation:		
Delayed, smaller tax cut	0.2	10.9
Delayed enactment of energy program	0.1	−0.9
Other	−0.3	−0.1
Revised incomes and technical reestimates	−0.2	−2.1
Midyear budget review estimate	401.2	448.2

Economic Outlook

These midyear budget estimates, which under law must be supplied to the Congress each July, also contain a revised forecast for economic activity in calendar years 1978 and 1979. Projections of the growth of real Gross National Product (GNP) have been lowered somewhat, to a 4.1 percent rate for this year and 4.3 percent for 1979. This lowered growth forecast reflects in part the erosion of purchasing power through larger than expected food price increases.

The overall rise in consumer prices this year now is expected to be about 7.2 percent (measured from December to December) and 6.5 percent in 1979. As indicated in the table, this is an upward revision of a full percentage point from the earlier estimate for this year and a one-half percentage point upward revision for next year. A main cause of the upward revision is the sharp increase in food prices which already has occurred this year. A lesser cause is the recent decline in the value of the dollar against major foreign currencies, which is resulting in higher prices for imported goods and for some domestic goods that compete with imports.

During the five months ending in May, consumer food prices rose at an annual rate of 17 percent, and this was the driving force causing the overall consumer price index to rise at a 9.6 percent rate during that period. Food prices are expected to rise much less rapidly during the remainder of this year, and some moderation already is apparent at the wholesale level. Thus the overall consumer price index also is expected to rise more moderately. Given the price increase that already has taken place, the Administration's new forecast for the year as a whole implies a 5.5 percent annual rate of increase during the remaining months of the year.

Despite the somewhat slower output growth and more rapid rate of price increase than originally had been anticipated for this year, the rate of unemployment has come down more rapidly than expected. The unemployment rate is expected to remain fairly constant during the remainder of this year, averaging 5.9 percent in the fourth quarter, as it did in the second quarter. A gradual decline is expected next year, to 5.6 percent in the fourth quarter of 1979.

Projected Fiscal Policy

The lower deficits in fiscal 1978 and 1979 imply a less expansive fiscal policy than envisioned last January. The Administration feels that this is appropriate in light of the rapid reduction in unemployment and the worsened outlook for prices. At the same time, it is recognized that any further abrupt tightening of fiscal policy could weaken the economy and produce rising unemployment. Hence, the Administration continues to stress the need for tax reduction in 1979 to offset the forces which otherwise automatically tend to produce a highly restrictive fiscal policy.

One useful technique for measuring these budget trends is to examine the deficit as it would be if the economy were operating steadily at a high level of resource utilization. Generally this is referred to as the "full employment" or "high employment" budget. Reflecting the revisions in the expected actual budget, estimates of the high employment budget deficit for this year and next also have been revised downward. The high employment budget deficit for both years now is estimated at about $22 to $23 billion (assuming a constant 5 percent rate of unemployment), indicating that the economic

impact of changes in the Federal budget from this year to next will be approximately neutral.

Like the estimates for the actual budget, these high employment estimates assume the enactment of the $20 billion tax reduction recommended by the President to take effect in January 1979. In the absence of tax reduction a sharply restrictive swing in the high employment budget would occur, and the consequences in terms of a weakened economy and higher unemployment could be quite serious. Failure to cut taxes would reduce the actual budget deficit considerably less than the high employment deficit, because part of the revenue gain from higher tax rates would be offset by revenue loss stemming from a weaker economy with lower personal and corporate incomes.

Projected Receipts

Receipts for fiscal year 1978 now are estimated at $401.2 billion, little changed from the level projected in January. For 1979, receipts were revised upward by $7.8 billion. Reduction of the size of the tax cut and postponement to January raised the estimate by $11 billion; factors that reduced the estimate included delay in enactment of an energy program and the reduced rate of economic growth contained in the new projections.

Projected Outlays

Expected Federal outlays of $452.3 billion for 1978 are $10.8 billion below the estimate contained in the President's budget proposal last January. Most of this downward revision was revealed in the March reestimate of 1978 outlays, in which OMB estimated that the spending shortfall would be more than $8 billion in this fiscal year. The spending shortfall ranges across all major budgetary categories and was caused in part by the winter's severe weather.

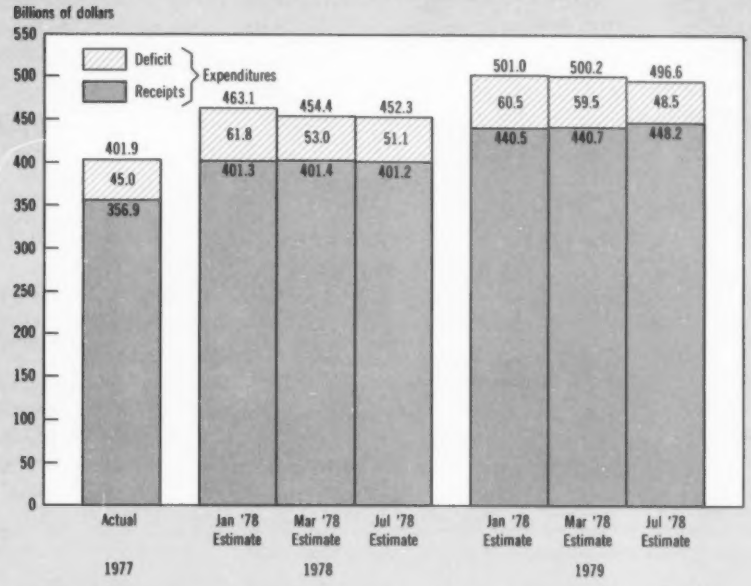
Shortfalls in outlays have occurred in all but one year since 1970, and especially large spending shortfalls have shown up in the past two years. Budget officials say that the lag in spending is due in part to unexpected delays in getting new programs started and the tendency by government agencies to overestimate spending. During the past year, OMB has worked closely with Federal agencies to improve spending projections, but the latest report acknowledges that further vigorous efforts to obtain more accurate projections are needed. Comparing January estimates to the July review, outlays were lower for almost all functional categories, including national defense, strategic petroleum reserves, farm price supports, and unemployment benefits. The major upward revision was in local public works programs for which grants were issued faster than anticipated.

The projected 1979 budget outlays in the midyear budget review are $2.2 billion below the target of the First Concurrent Resolution passed by Congress in May. This is due in part to differing recommendations on spending levels in some categories and in part to technical reestimates. Congressional action on individual appropriation bills is still in progress. By September 15, Congress must establish binding targets for 1979 spending and receipts and must reconcile all appropriation bills with these targets.

Budget Outlook Through '83

The midyear budget review contains budget projections through 1983. These projections indicate that current spending trends would produce a deficit of some $43 billion in 1980. However, the report stresses that the Administration does not regard this prospect as acceptable and that measures will be taken to lower spending trends. This in turn will alter the budget prospect for 1981 and future years. The projections indicate a much reduced deficit in 1981 and a considerable surplus emerging in 1982. These projections do not, of course, take into account changes in budget policy which may be needed to deal with future economic conditions as they emerge.

Federal Budget Totals: 1977-79



NOTE: Jan 1978 - President's Budget Proposals; Mar 1978 - Revised Estimates; Jul 1978 - Midyear Budget Review

Change in Budget Outlays

Billions of dollars

	1978	1979
January budget estimate	463.1	501.0
Policy changes:	−0.5	0.8
Reestimates:		
Defense-military	−1.5	——
Energy, natural resources, environmental, & transportation	−2.0	0.2
Benefit payment for individuals	−1.7	−0.4
Other	−3.0	−1.4
March budget estimate	454.4	500.2
Policy changes:		
Urban initiative	——	1.0
Farm bill	——	0.5
Other	0.2	−0.2
Reestimates:		
Defense-military	−1.8	−3.0
Energy, natural resources, environmental & transportation	−1.3	−0.3
Benefit payment for individuals	−0.4	−1.0
Other	1.2	−0.6
Midyear budget review estimate	452.3	496.6

Budget Outlook, 1979-1983

Billions of dollars

	1979	1980	1981	1982	1983
Outlays	496.6	549.4	591.3	631.0	671.5
Receipts	448.2	507.3	580.0	651.3	720.5
Surplus or deficit	−48.5	−42.1	−11.3	+20.3	+49.0

COMMERCE UPDATE
ON THE DOMESTIC SCENE

TRAVEL SPENDING OUTFLOW--U.S. residents spent a record $11.9 billion for international travel in 1977, including $7.5 billion spent in foreign countries, $2.8 billion to foreign air and sea carriers and $1.6 billion to U.S. carriers, according to Commerce's Bureau of Economic Analysis. All totals were up markedly over 1976. U.S. receipts from foreign visitors were $7.2 billion, including $6.2 billion spent here and $1 billion paid to U.S. carriers. The spending was by 7.4 million American travelers, up a half million from 1976, and by 4.5 million overseas visitors, about the same total as in 1976.

EUROPEANS SPENT MORE--The June issue of SURVEY OF CURRENT BUSINESS, which carries the figures listed above, includes a revealing detail on individual traveler outlays. The U.S. sent 3.7 million travelers to Europe in 1977, up 11 percent over 1976, but average expenditures held at 1976 levels. Europe sent 1.9 million persons to our shores in 1977, the same total as for 1976, but Europeans spent 16 percent more in 1977, on the average.

AID TO WOMEN IN BUSINESS--A Federal task force examining the status of women business owners has recommended to President Carter that all U.S. Government agencies take specific actions to aid such owners with loans, contracts, technical assistance and management training. The task force found women facing obstacles in securing business education, management training, capital and access to government markets. It also found little hard data available on women entrepreneurs.

GOOD PLACES TO LIVE--A high proportion of Americans continue to consider their residences and neighborhoods excellent or good places in which to live. Figures released from the 1976 housing survey conducted by the Census Bureau for HUD show that of 74 million households across the nation, 34 percent were given first-hand ratings of "excellent", 48 percent were regarded as "good", 15 percent as "fair" and 3 percent as "poor". Suburban dwelling places were given one or other of the two top ratings by 87 percent of respondents; the comparable figure for central city respondents was 77 percent.

GO WEST, HOUSEHOLDERS--Formation of households in the U.S. during 1970-1977 was greater in the West than any other region, increasing annually by 3.1 percent, according to Census Bureau estimates. Among the states, Alaska led with a 5.5 percent annual growth, though its base of 118,000 households was the smallest of all. Other leaders were Arizona, 5 percent; Nevada, 4.9 percent, and Florida, 4.5 percent.

TRADE ADJUSTMENT ASSISTANCE FOR CLOTHIER--Commerce's Economic Development Administration is guaranteeing 90 percent of a $1 million loan to Howard Stores Corp., a Brooklyn men's clothing manufacturer judged to be adversely affected by imports. The adjustment aid provides for restructuring of current debt, expansion of plant production to serve other firms and build up inventories, closing down of unproductive retail outlets and opening of new ones, and increases in advertising. Jobs of 590 persons are involved.

EXPERIENCED NOT ALWAYS WISER--A study of coastal hurricane evacuations done for Commerce's National Oceanic and Atmospheric Administration has found that those who prefer to sit tight in the face of dangers are likely to be the older residents. Among this group (six years or more of residency) there was a ratio of two "leavers" to every "stayer" when hurricane Eloise hit the Florida panhandle in 1975. But the newcomers left by a 5-to-1 ratio. The researchers concluded that newcomers have a healthier respect for hurricane power, while the older residents tend to be skeptical on warnings.

FEDERAL PROCUREMENT CONFERENCES--To provide the business community with counseling on sales opportunities with the Federal Government and Federal procurement and contracting procedures, procurement specialists from Federal military and civilian agencies and Federal prime contractors will speak at two mid-summer conferences. Rep. Morris K. Udall of Arizona is the sponsor of one, on July 25 at the Tucson Ramada Inn, Tucson, Ariz. For details call Chris Helms of his office on 602-792-6404. Rep. Gladys Noon Spellman of Maryland is sponsoring the other, on Aug. 4 at the Sheraton-Lanham Inn, New Carrollton, Md. For details call Frank Shafroth or Gene Kennedy of her office on 202-225-4131.

JAPANESE LIBERALIZING LUMBER IMPORT POLICY TO AID U.S. PRODUCERS

Japan this month is liberalizing its import policies relating to shipments of lumber from the U.S., in another major follow-up step to the U.S.-Japan trade consultations concluded last January.

The new ruling eliminates two nontariff barriers to Japanese imports of U.S. lumber and is expected to add $500 million a year to U.S. shipments of Douglas fir and hemlock to Japan by 1983. Shipments of softwood lumber to Japan totaled 437 million board feet in 1977, valued at $105 million.

The ruling, effective July 9, was announced by a Japanese Forest Products Study Mission which visited the United States in June. The mission was authorized by the Japanese Government to announce the change in Japanese agricultural standards for lumber.

Essentially, the change means that the Japanese will accept U.S. softwood lumber standards with respect to the incidence of wane (presence of bark or absence of wood along the edge of a piece of lumber) and allowable knots in lumber.

The Japanese have also indicated that they will consider participation in a bilateral Forest Products and Housing Commission to encourage in Japan more rapid adoption of Western construction methods and increased use of U.S. and Canadian lumber.

The mission came to the U.S. to study U.S. methods of grading lumber and to evaluate the Pacific Northwest as a source of supply for forest products. As a result of the mission's announcement. U.S. softwood lumber grades will meet Japanese lumber standards.

In addition, the mission wanted to see demonstrations of U.S. wood housing construction methods and assess the structural performance and economic advantage of this construction system as compared with traditional Japanese labor-intensive techniques.

The 41-member group held discussions in Washington with members of the Administration and representatives of the U.S. forest products and building industries. Thereafter, it visited lumber and manufactured housing firms in Madison, Wis., and Boise, Idaho; a forest nursery, research center, tree farm and saw mill in Washington; and several construction sites, sawmills and component plants in Portland, Ore., before leaving for a tour of forest products facilities and centers in Canada.

Included in the mission were representatives from Japanese ministries and representatives of Japanese forestry and forest products associations, home building associations and trading companies, construction firms, utilities and insurance companies.

To Assess Progress

The U.S.-Japan Trade Facilitation Committee will meet in Tokyo shortly to assess its year-long cooperative efforts in developing trade and resolving Japan market access problems.

Frank A. Weil, Assistant Secretary of Commerce for Industry and Trade, Commented: "On the trade development side, the committee is beginning to function and has quite a case load. However, certain problems remain in the handling of market-access cases, and in this area there has not been as much success as we would like to see."

By mid-July 10 such cases had come before the committee and four others were being transmitted to the Japanese by the American Embassy in Tokyo. Of the first 10, three had been resolved in favor of the U.S. companies, four were resolved unfavorably, one was obviated by a change of plans and two were pending.

Regulations On Reporting Foreign Boycott Requests Go Into Effect Aug. 1

New regulations on the reporting of foreign boycott requests will go into effect Aug. 1, it has been announced by the Commerce Department.

The reporting regulations supplement substantive regulations that went into effect Jan. 18. These rules carry out the Export Administration Amendments of 1977, which required major revisions in the regulations administered by the Commerce Department to implement U.S. law and policy opposing foreign boycotts.

Requests for copies of the new reporting regulations should be directed to Room 3012, U.S. Dept. of Commerce, Washington, D.C. 20230, telephone 202-377-2448. The regulations cover procedures on boycott requests received after Aug. 1. New report forms for such requests will be issued soon.

Companies that have delayed the reporting of requests, in accordance with interim guidelines issued Feb. 6, must now submit reports of all requests received or actions taken in the Feb. 6-July 31 period by Aug. 15. Such interim-period reporting is to be submitted on Form DIB 621P (10-76).

Stanley J. Marcuss, Senior Deputy Assistant Secretary of Commerce for Industry and Trade, said that the reporting regulations were designed to be broad in scope, to provide the Commerce Department with sufficient information to monitor boycott requests and enforce the law without unnecessarily intruding on the sovereignty of foreign countries.

Marcuss said that the regulations reflect a determined effort to minimize paperwork and reduce the cost of reporting. They make it possible for the person actually receiving a reportable boycott request to designate someone else to report on his behalf. For example, a freight forwarder, if authorized, may report on behalf of the exporter, or a bank may report for the beneficiary of a letter of credit.

Monthly reporting required

Monthly reporting will continue until June 30, 1979, after which reporting will be quarterly.

Marcuss emphasized that U.S. firms must report boycott-related requests whether the action requested is prohibited or permissible under the substantive regulations of the 1977 law that were published in January. He said that the term "request" will be construed broadly. It may be oral or written.

Marcuss also made these points:

► Foreign subsidiaries of U.S. firms generally are to report only if a transaction is in U.S. commerce.

► While foreign subsidiaries generally are not required to report on transactions outside U.S. commerce, their U.S. parent companies will be surveyed periodically for information on such transactions. Such surveys will be made public.

► A general boycott questionnaire directed to a foreign subsidiary but unrelated to a particular transaction may be reportable when the recipient has or anticipates a business relationship with a boycotting country involving U.S. commerce.

Marcuss said that copies of all boycott reports will be made available promptly for public inspection and copying. Generally, information relating to the quantity, description or value of the goods involved will not be disclosed unless the Secretary of Commerce determines that disclosure would not place the U.S. person involved at a competitive disadvantage or that it would be contrary to the national interest to withhold the information.

Malaysian Timber Congress, Exhibition Set For October

The Malaysian Timber Industry Board is planning its second National Timber Congress Oct. 10-12, as a forum on the development, production, and marketing of timber and timber products. Local and foreign participants, including builders, architects, engineers, shippers and those directly and indirectly involved in the timber trade, are welcome. A concurrent trade exhibition featuring products related to the industry will be organized by the Board. For further information, write: Conference Secretary, Conference Management Services SND. BHD., 101-G Jalan Ampang, Kuala Lumpur, Malaysia.

Official Trade Briefs

This article is another in a series of reports that describes actions affecting world trade, as compiled by the Import Policy Division of the International Economic Policy and Research Bureau's Office of International Trade Policy.

THE PRESIDENT

Stainless Steel Flatware: The President has rejected the recommendation of the U.S. International Trade Commission (ITC) that import relief, in the form of increased tariffs, be provided to domestic producers of stainless steel table flatware. The President's decision follows a finding by the ITC that increased imports are a substantial cause of serious harm or threat thereof to the domestic industry.

President Carter, acting under the "escape clause" provisions of the Trade Act of 1974, stated that imposition of import relief was not in the national economic interest because it would lead to increased consumer costs, encourage inflation, and would discriminate against low-income purchasers. The President also said that imposition of the ITC-recommended remedy might have provided protection to firms not needing it, while damaging some domestic producers who rely on imports for some portion of their sales and profits. The Department of Commerce has been asked to examine the feasibility of designing a special adjustment assistance program for this industry similar to the Footwear Revitalization Program.

CONGRESS

Extension of MFN Treatment to Hungary: The Senate has passed H.Con.Res. 555, to approve the extension of Most-Favored-Nation (MFN) tariff treatment with respect to products of the Hungarian People's Republic. The Senate action was the final step necessary for Congressional approval of the U.S.-Hungarian trade agreement providing for nondiscriminatory treatment. Hungary is now the fourth Communist country eligible for U.S. MFN treatment. The other nations are Yugoslavia, Poland, and Romania. (See *Commerce America*, March 13, for further details).

Import Relief Investigations: The House Ways and Means Committee passed two resolutions requesting that the U.S. International Trade Commission (ITC) reopen the "escape clause" investigations into **high carbon ferrochromium** and **industrial fasteners.** In both cases, previous investigations resulted in ITC findings of injury to the relevant domestic industries as a result of increased imports, but Presidential denial of import relief. The resolutions have been sent to the ITC and the ITC has reopened the ferrochromium case. (See International Trade Commission section.)

Bills Passed—House: The House cleared for the President H.R. 5176, to lower the duty on **levulose** until the close of June 30, 1980, by agreeing to the Senate amendments to the bill.

The House passed H.R. 11493, to amend the **Rail Passenger Service Act,** but rejected an amendment that would have required the U.S. Special Trade Representative to give advice regarding when the public interest would not be served by requiring the Amtrak Corporation to purchase American products.

Bills Passed—Senate: The Senate passed and returned to the House H.R. 8149, the **Customs Procedural and Simplification Act of 1978,** after agreeing to committee amendments, en bloc, and to the Curtis amendment which would insure that prior intentional false filings with the Customs Service will be judged and penalized in accordance with the present law.

The Senate also passed and returned to the House H.R. 5176, lowering the duty on **levulose** until June 30, 1980. (See **Bills Passed—House**).

In addition, the Senate passed H.R. 12930, making appropriations to certain U.S. Government agencies for fiscal year 1978, with the Dole amendment to bar the use of any funds to enforce an **oil import fee** should it be imposed.

Also, the Senate passed H.R. 12222, authorizing funds for **International Development Assistance** programs for fiscal year 1979, after striking all after the enacting clause and inserting in lieu thereof the text of Senate companion bill S.3044, with Senate amendments.

The Senate also passed H.R. 12598, to authorize funds for certain federal agencies, after striking all after the enacting clause and inserting in lieu thereof the text of Senate companion measure, S. 3076, for which the Senate had adopted, among others, the following amendments: No. 1366, calling for the Secretary of State to initiate negotiations with Canada to seek a treaty to establish a framework for resolving transboundary air quality problems, and No. 1376, stating the sense of the Senate that the President prohibit the export of **military, paramilitary, and police equipment** to Uganda. The Senate rejected proposed amendment No. 1368, which would have had the effect of lifting U.S. sanctions against Rhodesia until Sept. 30, 1979.

Bills Reported—House: The Committee on International Relations reported unfavorably to the House H.Con.Res. 559, disapproving the export of **low-enriched uranium** to India.

Bills Reported—Senate: The Committee on Foreign Relations ordered favorably reported both H.R. 12571, to provide for the implementation of the 1978 **Reciprocal Fisheries Agreement** between the U.S. and Canada, and the Reciprocal Fisheries Agreement between the U.S., the U.K. and, Northern Ireland.

Committee Action — House: The Subcommittee on Trade of the House Committee on Ways and Means held a hearing on the **Meat Import Quota Act.** Public and private witnesses were heard.

The Subcommittee also held hearings to consider further extension of Most-Favored-Nation treatment to Romania and Hungary. Testimony was heard from representatives of the Departments of State, Commerce, Treasury and the Office of the Special Representative for Trade Negotiations.

The International Relations Committee's Subcommittee on Inter-American Affairs held a hearing on **arms trade** in the Western Hemisphere. The Committee's International Economic Policy and Trade Subcommittee also held hearings on **export licensing.** Stanley J. Marcuss, Senior Deputy Assistant Secretary for Industry and Trade of the Department of Commerce, testified.

Committee Action — Senate: The Subcommittee on Improvements in Judicial Machinery of the Committee on the Judiciary held hearings on S. 2857, to clarify and revise provisions of the U.S. code regarding **judicial review of international trade matters.** Testimony of both public and private witnesses was received.

Hearings were also held by the Committee on Foreign Relations' Subcommittee on Foreign Economic Policy regarding U.S. relations with **Uganda** and on current activities and policies of the Government of Uganda as they relate to human rights. Testimony was presented by Rauer H. Meyer of Commerce's Bureau of Trade Regulations.

The Subcommittee on Foreign Economic Policy also held hearings on the decline of the dollar, receiving testimony on recent actions taken by the **steel** and **automobile** industries and the effect of such actions on the U.S. economy. Ambassador Alan Wolff, Deputy Special Trade Representative, was a witness.

The Committee on Agriculture, Nutrition and Forestry's Subcommittee on Foreign Agricultural Policy began consideration of S. 2385, authorizing the Commodity Credit Corporation to finance credit sales of **agricultural commodities.**

In other committee action, the Committee on Environment and Public Works' Subcommittee on Resource Protection held hearings on the environmental aspects (section 5) of S. 3077, the proposed **Export-Import Bank Act** Amendments.

The Committee also heard testimony on H.R. 12571, to waive certain requirements

of the **Fishery Conservation and Management Act of 1976** in order to permit fishermen of the U.S. and Canada to continue fishing off the coasts of each nation during the calendar year 1978.

Joint Committee Action: The Joint Economic Committee began hearings to review general midyear **economic developments**, including the international outlook.

The Committee's Subcommittee on Priorities and Economy in Government met in closed session to receive testimony on the current state of the **economy of the USSR** from Stansfield Turner, Director of the Central Intelligence Agency.

Also, the conferees appointed to consider S. 9, to establish a policy for the management of oil and natural gas in the **Outer Continental Shelf**, met in an attempt to resolve differences between the Senate and House-passed versions of the bill.

New Legislation: In the first and second sessions of the 95th Congress, 423 trade and related bills have been introduced. Those not previously reported include: H.R. 13011, to amend the **Trade Act of 1974**; H.R. 13038, to promote **steel** trade negotiations under the Trade Act of 1974; H.R. 13050, to modify the method of determining quantitative limitations on the importation of certain articles of **meat and meat products** and to apply quantitative limitations on the importation of certain additional articles of meat, meat products, and livestock; H.R. 13051, to amend the Export Administration Act of 1969 to prohibit exporting to **Uganda** of goods subject to control under that Act; H.R. 13053, to prohibit the importation of **Ugandan** products into the United States; H.R. 13054, to amend the Tariff Schedules of the United States in order to prohibit the importation of **coffee** which is the product of Uganda.

Also, H.R. 13094, to amend the Tariff Schedules of the United States to provide duty-free treatment of certain **alloy tool steels** used for making chipper knives; H.R. 13107 and 13108, to amend the Antidumping Act of 1921; H.R. 13153, to provide for the participation of Congress in decisions made by the President affecting the importation of **meat** into the United States; H.R. 13171, to amend the Export Administration Act of 1969 to prohibit the export of any domestically produced **petroleum or petroleum product**; H.R. 13179 and H.R. 13281 to implement the **International Sugar Agreement**, to protect the welfare of consumers of sugar and of those engaged in the domestic sugar producing industry, and to promote the export trade of the U.S.; H.R. 13270, to amend the **Antidumping Act of 1921**, the **Tariff Act of 1930**, and section 801 of the **Revenue Act of 1916**; and H.R. 13302 and H.R. 13321, to amend the **Trade Act of 1974**; H. Res. 1232, to disapprove the waiver of countervailing duty on certain items of subsidized **fish** imported from Canada; and H.Con.Res. 599, concurrent resolution disapproving the proposed export of low-enriched **uranium** to India.

Also, S. 3171, to amend the Tariff Schedules of the United States to provide duty-free treatment for certain **gloves** and **trousers** which incorporate protective features designed specifically for use in forestry; S. 3206, to terminate production controls on **peanuts**, to terminate price support operations in effect for peanuts, and to remove custom duties and import quotas on peanuts, S. 3217, to exempt **white water river running boats** from requirements for inspection and certification of small passenger carrying vessels, and S. 3246, to amend the Tariff Act of 1930 to provide that for purposes of determining the duty payable with respect to imported merchandise, the **value of imported merchandise** includes any export quota premium.

TREASURY DEPARTMENT

Antidumping Cases: The Treasury Department has issued final determinations that imports of **Portland hydraulic cement** from Canada, **steel wire strand for prestressed concrete** from India, and **sorbates** from Japan are being sold in the United States at less-than-fair value. In accordance with U.S. antidumping law, the cases are being referred to the U.S. International Trade Commission (ITC) for a determination of whether such sales are causing injury to a domestic industry.

In other antidumping action, the Department has terminated its investigations into alleged sales at less-than-fair value of **offset paper** from Canada and **photographic color paper** from West Germany and Japan on the basis of an ITC finding of no reasonable indication of injury to the relevant domestic industry. (See International Trade Commission section).

Treasury has also issued a notice that there are reasonable grounds to believe or suspect that there are or are likely to be sales of **steel wire strand** for prestressed concrete from Japan at sales at less-than-fair value. Appraisement has thus been withheld on the subject products.

Finally, the Department has extended the investigatory time periods in three antidumping cases on the grounds that the preliminary determinations could not

U.S.-HUNGARY TRANSIT COLLABORATION—*This 60-foot Ikarus articulated bus "bends" around corner in Los Angeles test. Two of these 107-passenger vehicles do the work of three standard U.S. buses, to reduce operating costs. Ikarus Works of Hungary, said to be the largest producer of articulated buses, built this special model for the U.S. market. It would be jointly produced by Ikarus and Crown Coach Corp., Los Angeles, with 50 percent U.S. components. U.S. bus purchases would provide convertible currency for Hungary, making it possible for Hungarians to increase imports from U.S. Hungary now has Most-Favored-Nation tariff status for its exports to the U.S. (see opposite page for report of recent Congressional action).*

reasonably be made within the initial six-month periods. The cases involve **carbon steel wire rod** from the United Kingdom, **steel wire rope** from the Republic of Korea and **cold rolled and galvanized steel sheets** from the United Kingdom, West Germany, France, Italy, the Netherlands, and Belgium.

Countervailing Duty Cases: The Treasury Department has announced its final determination that certain **fish** from Canada are the subject of bounties or grants, within the meaning of U.S. countervailing duty law, and has also announced its intention, following Canadian Government assurances, to waive the imposition of additional duties. The countervailing duty law authorizes the Secretary of the Treasury to waive the additional duties if three preconditions are met: 1) steps have been taken to reduce or eliminate the adverse effect of the bounty or grant; 2) there is a reasonable prospect that trade agreements will be entered into to reduce trade barriers; and 3) the imposition of countervailing duties would be likely to seriously jeopardize the success of negotiations aimed at such agreements.

The Department has also issued several preliminary affirmative findings of subsidization and one preliminary negative finding. The affirmative determinations were issued in cases concerning **optic liquid level sensing systems** from Canada, **bromine** and **brominated compounds** from Israel, **diuron** from Israel, and **textiles** and **men's** and **boys' apparel** from Argentina, Brazil, Colombia, the Republic of China, India, the Philippines, and Uruguay. The negative preliminary finding was issued in regard to **textiles** and **men's and boys' apparel** from the Republic of Korea.

In other countervailing duty action, the Department has announced new, lower countervailing duty rates for **green olives** from Spain and **non-rubber footwear** from Spain. The original findings and assessments were made in 1974 and 1975, respectively.

Finally, a new case has been initiated in response to allegations of subsidies being granted on U.S. imports of **viscose rayon staple fiber** from Sweden.

COMMERCE DEPARTMENT

Trade Adjustment Assistance for Firms: The Commerce Department has recently certified 14 firms as eligible to apply for trade adjustment assistance. The firms produce **apparel, electronic products, lighters, electric appliances, footwear, mackerel fillets, lobsters and lobster tails, leaders and rigs for sport fishing,** and **drapery and upholstery fabrics.** No firms were denied eligibility.

LABOR DEPARTMENT

Workers' Trade Adjustment Assistance Certifications: The Labor Department, having found that approximately 900 workers have been or may become unemployed as a result of increased imports, has certified these workers as eligible to apply for trade adjustment assistance. They are or were employed at firms producing the following products or performing the following services: **apparel, footwear, shelves for microwave ovens, scallops, copper, ground and flatfish, rigid polyvinyl chloride (PVC) sheets, sugar, semi-conductors, handbags, vises,** and **administrative functions in the steel industry.**

Denials: The Department denied petitions for trade adjustment assistance for over 5,000 workers engaged in the manufacture of the following goods or performance of the following services: **steel sheet, strip, bar-size light shapes, skelp, plates, or reinforcing bars, sheet-fed offset lithographic printing presses, golf clubs, tennis racket frames, flat rolled steel, ingots and coke products, synthetic dead-burned magnesite, adhesives, textile chemicals, pigments, warehousing of hot rolled and structural steel, reinforcing bars, fence posts, welded stainless steel pipe and tubing, carbon steel tanks and appliances, apparel, canes, tote bags, retail sales of earth shoes, fish, cold rolled galvanized sheets and coils, carbon and alloy steel bars and semi-finished products, carbon and alloy pipe and tubing, sectional and tunnel liner plate and drainage pipe, lockers, shelving, doors, frames, sticks, carbon and alloy hot rolled sheet and strip, carbon cold rolled sheet and silicon, welded carbon steel pipe and tubing, carbon and alloy plates, hot and cold rolled sheet, galvanized steel products, coke, transportation service workers in the steel industry, threading of pipes and tubes, scrap metal, double knit fabric, silicon steel sheet and strip, grey iron castings, and buying and selling of wire rod and wire products.**

Report on Stainless Steel Flatware: A new Labor Department study indicates that, in the last three years, more than 2,600 workers in the **stainless steel table flatware** industry have received more than $2.5 million in trade adjustment assistance benefits. The study was conducted pursuant to section 224 of the Trade Act of 1974 which mandates that the Secretary of Labor shall initiate an industry adjustment assistance study whenever an "escape clause" investigation is begun by the U.S. International Trade Commission (ITC). In this case, the ITC made an "escape clause" finding, on May 8, that imports of stainless steel flatware are a substantial cause or threat of serious injury to the domestic industry.

INTERNATIONAL TRADE COMMISSION

Import Relief—Section 201: The U.S. International Trade Commission (ITC) has reopened its investigation, under the "escape clause," section 201 of the Trade Act of 1974, to determine whether increased imports of **high-carbon ferrochrome** are causing serious injury to a U.S. domestic industry producing similar goods. The ITC decision to reopen the case followed a resolution by the House Ways and Means Committee recommending the action. Having found good cause to exist for a new investigation, the Commission ordered an expedited investigation and scheduled a public hearing to be held at 10 a.m. on Aug. 8 in the ITC's Washington Hearing Room at 701 E St., NW., Washington, D.C. Requests to appear must be received in writing by the ITC Secretary by noon on Aug. 3.

Antidumping Cases: The Commission has determined, under section 201 (c) of the Antidumping Act of 1921 that there is no reasonable indication that imports of **offset paper** from Canada or of **photographic color paper** from West Germany are causing injury to the relevant U.S. domestic industries, and Treasury has thus terminated the recently instituted antidumping investigations into these products. Section 201 (c) authorizes the Secretary of the Treasury, following initiation of an antidumping investigation, to request such preliminary advice on injury from the ITC and authorizes him to terminate the case if no reasonable indication of injury is found.

The ITC has scheduled a public hearing in the injury investigation involving **sorbates** from Japan (See Treasury section). The hearing will be held on Aug. 1 at 10 a.m. in the ITC's Washington Hearing Room. Requests to appear or to intervene must be received by the ITC Secretary by July 27 at noon.

Unfair Import Practices—Section 337: The ITC has instituted two new investigations into alleged unfair import practices pursuant to section 337 of the Tariff Act of 1930. One case concerns alleged patent and trademark violations, as well as allegedly false designations of origin and unlawful acquisition of know-how in regard to imports of certain **swivel hooks and mounting brackets.** The other 337 investigation is in regard to allegations of patent infringement by imports of certain **roller units.**

INTERNATIONAL

Foreign Antidumping Actions: The Canadian Government has announced the initiation of two new investigations into alleged injurious dumping of products originating in the United States. The products involved are **refined glycerine** and **polypropylene homopolymer** and **copolymer resins.**

Foreign Safeguard Actions: The Commission of the European Community has decided to terminate, effective April 29, the temporary emergency import measures which were imposed on certain **squids** imported into Italy.

AVIONICS SHOW, SAO PAULO—*At U.S. Trade Center, George Owen (second from left) of Metric Systems explains his firm's ground support equipment to two officials from Brazilian Ministry of Aeronautics. At left is Center Director Martin Heflin.*

MARKET DEVELOPMENTS IN BRAZIL SPUR DEMAND FOR AVIATION EQUIPMENT

Several market factors contributed to the liveliness of business activity during a recent exhibition of avionics and ground support equipment at the U.S. Trade Center in Sao Paulo.

Brazil, a country larger than continental United States without Alaska, already has a large fleet of private and commercial aircraft. Development of the many still-underpopulated regions will require further expansion of the fleet and significant investment in new airport development projects. In addition, Brazilian aviation regulations now allow single-engine aircraft and helicopter IFR flights—a recent change that has sharply expanded the market for navigation equipment.

The U.S. exhibition had 24 participants representing 28 exhibitors. Guests at the opening included the president of the Brazilian Electronics Industry Association, the chief of the Sao Paulo Airport project, and officials from the Ministry of Aeronautics. A two-day seminar permitted 11 of the participants to present technical papers before some 75 attendees. Floor sales reached $88,700; 12-month projections were reported at $8.8 million. Eight representation agreements were signed during the week of the show, and at its close another 45 were under negotiation.

Weather radars, navigation computer programmers and connector service tool kits are considered to be "top sales potential" products.

The exhibitors observed that U.S. industry dominates the Brazilian market for imported aviation products. The competition that exists comes from a handful of European firms. Local manufacture is relatively limited.

The import duty for diverse types of aviation equipment varies considerably, and the duty is frequently determined by function or model. However, the Brazilian Central Bank exempts payment of the import duty on aviation equipment when it is sold to a Brazilian government entity. As the biggest purchasers of imported avionics equipment are the state-owned aircraft company and public airports, exporters of avionics equipment need not be overly concerned about import duties.

The expected annual growth rate for sales of avionics equipment is 32 percent for this year, 23 percent for 1979-80, and 42 percent for 1981-85. It is estimated that by 1980 there will be 8,000 aircraft in Brazil. Airport construction, which depends on government funds allocated for the aeronautics industry, is increasing rapidly.

Drive To Improve Production Quality In East Europe Spurs Interest In Test Equipment

East European countries are striving to improve the quality of their industrial production to meet world standards. This trend was clearly evident during recent U.S. seminars in Czechoslovakia, Romania, and Poland on materials testing and inspection.

The technical sales seminars, sponsored by the Commerce Department's Bureau of East-West Trade, covered a broad range of technologies encompassing destructive and non-destructive testing of materials, components, and end products. Executives of eight U.S. firms participated. The sizable attendance at each event demonstrated the high priority being given to the drive for improvement, according to Mike Frisby, the Bureau's representative who accompanied the delegation. The Bucharest and Prague portions drew the largest attendance of any U.S.-sponsored technical seminars ever held there.

During the business negotiations which followed each of the seminars, no requirements were made by host countries that the participating companies accept compensation, barter, or other parallel business arrangements. This also is read as an indication of the priority these countries have given quality of output, especially in the export-oriented industries—those enterprises with hard currency earning potential.

Each country expressed high interest in instrumentation for stress and strain testing, coating thickness measurement, eddy current hardness and flaw detection, acoustic emission monitoring and evaluation, and automated and sophisticated materials test laboratories and load simulation. While there is little or no direct competition in these product lines from within the East European countries, West German, Danish, British, and French companies are competing for these markets.

Two companies reported signing sales contracts during the seminar in Bucharest for over $300,000. One company expects to conclude a joint venture agreement in Romania within the next 12 months. The same company expects to sign a $1.5 million contract in Czechoslovakia sometime this year.

"In promotion and selling efforts," observed seminar chairman Loren M. Walsh, editor of *Quality* magazine, "the seller should take advantage of the present push in these countries on upgrading their level of product quality."

MARKET FOR ELECTRONICS PRODUCTION MACHINERY SEEN GROWING IN TAIWAN

The availability in Taiwan of well trained manpower, and technological cooperation with foreign companies, point to the continuation of the country's electronics industry as a major foreign-exchange earner. Demand for sophisticated production machinery, test instrumentation, and special materials is satisfied largely by imports, and the market is expected to grow rapidly during the next few years.

During a recent exhibition of such equipment at the Taipei U.S. Trade Center, participants' sales underscored that this favorable outlook is warranted. "Over-the-counter" orders reached almost $1.5 million and 12-month projections, $12.8 million — two-thirds by new-to-market firms. The attendance of end users from electronics related industries—for example, telephone and radio communications, watch making, steel manufacturing, cable and wire assembling, computer science and chemical production industries—added to the overall satisfaction of the exhibitors.

Made-in-Taiwan electronics production machinery and materials are limited, and offer little competition to U.S. suppliers; however, competition among American suppliers is acute. Japan is the major competitor among third countries. U.S. prices are generally higher than those of third-country products, but the quality and design are superior.

Mainly because of its high technology, U.S.-made electronics industry production machinery, test instrumentation, and special materials enjoy a good reputation in the Taiwan market; and despite price, U.S. sales have been increasing dramatically since 1975. Most of the equipment displayed in the exhibition incorporates the latest technology, and encounters little or no competition from local or third-country suppliers.

Solder bars, vapor degreasers, ultrasonic plastic welders, utility wire strippers, auto tune-up equipment, electronic connectors, sound level meters, and various thermometers were a few of the products ranked by exhibitors as "best sales potential" items.

Spurred by research and development efforts by government institutions, universities, and private companies, the electronics industry in Taiwan is entering a new era and is rapidly changing from a labor-intensive to a capital- and technology-intensive market. As a result of the expansion of this export-oriented industry, now looking to the Southeast Asian and Middle East markets, and of the upgrading of quality and sophistication to satisfy buyers in the traditional markets, demand for high-technology production machinery, test instrumentation and special materials will increase rapidly. Local production cannot satisfy the demand, and competition will remain keen; but U.S. sales should benefit from Taiwan's trade policy which favors U.S. suppliers. The appreciation of the Japanese yen is an additional advantage for U.S. manufacturers.

A local agent commented that U.S. sales would be considerably increased if all U.S.-affiliated plants located in Taiwan bought more American products. Local end users are well aware of the benefits of quality equipment, and are gradually making purchase decisions based on quality as well as price.

ROYALTY ATTENDS—*Carl Gustaf, King of Sweden (light suit), visits U.S. pavilion at pulp and paper exhibition in Stockholm. Others, from left: exhibitors Ralph Searle and Clas Nilstoft, Carborundum Co.; Walter E. Stadtler, U.S. Commercial Attache; and Peter E. Wrist, president of the Technical Association of the Pulp and Paper Industry, who served as U.S. industry representative during the event. Some 50 technical presentations by fair exhibitors covered new developments in the field.*

Nordic Paper Industries Continue Modernization To Maintain Markets

The most important show in the pulp and paper field in Scandinavia, and one of the major international pulp-and-paper-related exhibitions worldwide, turned out to be a top-rated event also for the company representatives in the U.S. pavilion. Most of them said that they would have missed the opportunity to exhibit—26 of the 38 were new to the market—if the Commerce Department had not programmed the American participation. And although they had some misgivings before the show that the slump in the Nordic pulp and paper industries would limit their prospects, they reported actual sales at more than $2 million and 12-month projections, at another $8 million.

These very positive results confirmed earlier U.S. Embassy market research indications that depressed conditions, though limiting the prospects for conventional equipment, would act as a spur to the Nordic industries to consolidate and modernize to maintain their strong position in international markets. Despite excessive inventories, investments in new or modernized production facilities continue.

Eleven agents or distributors were appointed during the show. The exhibitors expect to appoint more than 50 additional representatives within 12 months, including some seven licensees and a joint venture partner—providing clear evidence of

EXPLAINS EQUIPMENT—*Ekhard Preikschat (left), F. P. Research Lab., Inc., discusses his moisture meters with Scandinavian paper industry executives.*

continuing, long-term penetration of the Nordic area by new-to-market exhibitors.

The International Exhibition for Suppliers to the Pulp, Paper, Board, Particle Board, Fiberboard, Conversion and Sawmill Industries is held every three years by the Swedish Association of Pulp and Paper Engineers (SPCI). This year, for the first time, SPCI was joined by Finnish, Norwegian, and Danish associations and the Association of Swedish Sawmillmen. Peter E. Wrist, president of the (U.S.) Technical Association of the Pulp and Paper Industry, served as the U.S. representative.

Computer controlled drying systems, coating and re-moisturizing equipment, wood chip moisture meters, combustion oxygen analyzers, reverse osmosis water purification systems, controls for bleaching systems, paper thickness gauges, asbestos-free packing material, and moisture analyzers are among the products offering the best potential. Pricing was considered a problem on only a few larger pieces of equipment. As nearly all of the significant competition is Nordic or EEC in origin, where costs of production are rising faster than in the United States, the price trend is likely to favor U.S. products slightly.

U.K. MARKET FOR PROCESS CONTROL INSTRUMENTS, SYSTEMS SEEN EXPANDING

Many British industries are again investing in plant and equipment. Expansion projects postponed during the uneasy years of the mid-1970's, stringent antipollution laws forcing modernization of some plants and installation of pollution control systems in others, and government efforts to encourage export activities, should stimulate demand for improved process controls.

Against this background, the industrial process control instrumentation and systems exhibition at the U.S. Trade Center in London last month had a powerful impact. American firms are highly regarded for their technological ability, especially in electronics.

For the exhibition, 53 leading manufacturers from the United States displayed and demonstrated the latest developments in process controls. Immediate sales reached $230,720; projections for the next 12 months total almost $17.8 million. Many of the exhibitors were new to the U.K. marketplace; many were negotiating representation agreements at the conclusion of the event, not only for the United Kingdom but throughout Europe.

U.K. purchases of process control equipment are expected to increase to $860 million annually by 1982, from a level of about $534 million in 1976, according to Trade Center Director Charles Shaw. Purchases of the more sophisticated devices—electric or electronic instruments—are likely to advance by about 11 percent annually, compared to a 4 percent growth for nonelectric or nonelectronic types. A strong trend toward microprocessing is emerging, and digital instruments are preferred by larger companies. The market for automatic control and regulator valves is expected to increase by some 6 percent annually.

Typical among the comments of exhibitors, as they were packing up to leave, were these: "People who came were very high up in their companies." "We spoke to the right people." "Without this kind of exposure, it would take 12 months to get around and display our equipment." "Inquiry level has been extremely high at PCI '78, in both numbers and quality. Visitors were actually interested in purchasing rather than collecting literature."

LISTENING IN LONDON—*Lord "Ted" Willis (center), playwright and broadcaster who opened industrial process controls show at U.S. Trade Center, listens, and Center Director Charles Shaw (left) looks on, as Charles L. Teschner, Scott Aviation Inc., Lancaster, N.Y., describes his company's instruments. Photo at right shows another participant explaining the advantages of products on display by Uniloc, Inc., of Irvine, Calif. More than 6,300 sales leads stemmed from the show.*

Information Moscow. U.S. edition (first printing). 300pp. $10.50.

Published every six months for the past ten years in Europe, this reference handbook lists freight forwarders, translation agencies, typesetters, consultants, seminar and trade fair organizers, U.S. and USSR government agencies and other services available in the United States. Includes a listing of foreign trade organizations by product lines and top officials and foreign relations departments of relevant Soviet ministries. Another feature is a schedule of upcoming events, trade fairs, seminars, etc. Also added is a glossary with general advice on business practices in the USSR. For those social hours in Moscow, a dining and entertainment guide lists restaurants, cafes, bars and nightclubs and gives advice on when and how to get in, how to get served quickly and what to avoid.

Write: Information Moscow, 970 San Antonio Rd., Palo Alto, Calif. 94303.

United States Foreign Trade Annual 1971-1977. June 1978. OBR 78-21. Prepared by Commerce's Office of International Economic Research. 34pp. 80 cents.

Contains data on annual value of U.S. exports, imports, and merchandise balance, by principal areas and commodities.

Write: Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402, or any Commerce District Office.

Market Profiles for the South Pacific Islands. Prepared in the Office of International Marketing. OBR 78-18. 18pp. 80 cents.

This report, one of a series of publications focusing on foreign market opportunities for U.S. suppliers, notes that "The popular image of the islands—a mild sunny climate and an abundance of natural beauty—has much truth to it. The islands' governments cultivate the image and hope to develop their tourist industries further. However, this is far from a complete picture of the South Pacific Islands." The one-page profiles presented are intended as a quick reference that will give an idea of the economic and commercial environment in each island group.

Write: Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402, or any Commerce District Office.

List of Nigerian Firms of Questionable Reliability. May 1978. Published by Commerce's Industry and Trade Administration. 68pp. $10.

Compiled from information received by U.S. Foreign Service Officers abroad from reported complaints claiming nonpayment for goods and services, breach of contract or various deceptive practices.

Write: Export Information Division, Office of Export Development, Industry and Trade Administration, U.S. Department of Commerce, Washington, D.C. 20230, or most Commerce District Offices.

Direct Investment/USA. Biweekly, published by Alexander Hamilton Institute. Annual subscription $125.

According to the publishers, this is a report for corporate executives and professional advisors bringing together news, comments and advice on matters affecting investment in U.S. businesses by companies abroad.

Write: Alexander Hamilton Institute, 605 Third Ave., New York, N.Y. 10016.

The World Automotive Industry. By Gerald Bloomfield. 368pp. $32.50.

Examines the history and present state of the industry and its possible future in a world threatened with fuel shortages. Covers the development of the motor vehicle, the production process, the nature of manufacturing and assembly plants, the marketing of vehicles and the economic organization of the industry, including the various factors affecting location. Detailed regional studies trace the development of the major world centers.

Write: David & Charles, Inc., Box 572, North Pomfret, Vt. 05053.

Trade List: Sources of Credit Information in Foreign Countries. Published by Commerce's Industry and Trade Administration. $3.

Provides U.S. exporters with the names and addresses of foreign sources of credit information on companies located abroad. Covers more than 330 foreign organizations that have indicated they respond to direct requests from U.S. companies seeking credit information. The information was collected by personnel of the U.S. Foreign Service around the world.

Write: U.S. Department of Commerce, ITA/BED-1033/TL, Washington, D.C. 20230, or most Commerce District Offices.

Bank To List Projects

The World Bank will soon launch a quarterly publication pointing to business opportunities worth several billion dollars around the world each year.

The publication, entitled *Operational Summary of Proposed Projects (IBRD/IDA)*, will list: (1) projects that the Bank and its affiliate, the International Development Association (IDA), are actively considering for financial assistance, with a brief description of each project; (2) the member country and the agency responsible for the project; (3) the amount of financing to be provided and co-lenders, if known; and (4) the stage to which a proposed project has progressed, i.e., identification, feasibility, appraisal, negotiation, approval, or procurement.

The publication will provide up-to-date information on Bank and IDA activities to businesses, industrialists, and consultants interested in supplying goods and services for the projects. It will also be of value to private financial institutions interested in providing assistance to projects financed by the Bank. Until now, this information has been provided mainly to or through the Bank's member governments.

The *Operational Summary* will complement information now being published twice a month in the *Development Forum-Business Edition*. This information includes general and individual procurement notices for bidding opportunities on specific development projects supported by the Bank, IDA, the United Nations Development Program, and other development agencies.

The quarterly *Operational Summary* will be available for $20 per year from Development Forum, United Nations, G.C.P.O. Box 5850, New York, N.Y. 10017, or Development Forum, Subscription Department, United Nations, CH-1211, Geneva 10, Switzerland.

Calendar For World Traders

July 19—New York—American Management Associations seminar on international marketing. Bureau of Export Development's William Donahoe will discuss programs of the Commerce Department to aid exporters. Information: 212-586-8100.

July 19—Memphis—Foreign Service Officer Forum, Robilio's Cafeteria. Sponsored by Mid-South Exporters' Roundtable. Foreign Service Officer Jerry K. Mitchell will speak. Call Commerce District Office.

Aug. 3-4—Washington—Seminar on Foreign Market Entry Strategies, presented by The Wharton School of the University of Pennsylvania. Information: Heidi E. Kaplan, 212-953-7262.

Worldwide Business Opportunities

International trade specialists in the Department of Commerce and Foreign Service Officers in the U.S. Embassies and Consulates around the world are continually developing specific commercial opportunities through which American companies can find buyers, agents, partners or investors abroad. One of the major means for communicating these opportunities promptly and accurately to the U.S. business community is through the columns of this magazine.

The section that follows presents details about licensing and joint venture proposals, opportunities to sell to foreign enterprises, major construction and expansion projects, and visiting buyers.

Licensing, Investment Abroad

EL SALVADOR—Firm engaged in development of 1,000 acres of ocean front property for tourism, invites interested U.S. firms to participate by funding **feasibility, land planning, architectural, engineering studies.** Investment of $6 million, which will be secured by the land, is required. Property is on slope of Volcan De Conchagua, with 3,500 m. of beach front on protected Gulfo De Fonseca. Additional 3,000 acres with equal shoreline may be added in project. Full government support plus prominent Central and European banking interests will participate in construction phases which will run over ten-year period. Tax advantages and investor control are arranged. Interested respondents should contact: Overseas Products and Investment Opportunities Staff, Room 4021, U.S. Department of Commerce, Washington, D.C. 20230. P-78574. OPIC.

SAUDI ARABIA—Saudi firm representing farmers in many areas of Saudi Arabia desires American company to provide **farming technology.** Saudi firm suggests that interested U.S. concerns travel to Saudi Arabia and study needs of Saudi farmers it represents and provide necessary technology. American companies will be in direct partnership with Saudi farmers. Saudi Arabian Government will match 50% of investment American companies and Saudi partners invest in the joint venture. Overseas Products & Investment Opportunities Staff, Room 4021, U.S. Department of Commerce, Washington, D.C. 20230. P-78580. OPIC.

2611—INDONESIA—Seeks participant in proposed **wood pulp mill** with capacity of 100-200 m. t. per day. Firm claims to have timber concession of 300,000 hectares with standing stock of more than 100 cu. m./hectare of melaleuca louca dendron. This would be main feedstock for mill. Firm also interested in brochures, literature on machinery used in pulp manufacture. P. T. Marabahan Pulp, Kantor Cabang J1. Kuripan 9, Banjarmasin, South Kalimantan. P-78563. OPIC.

2640—SWITZERLAND—Firm expanding into production of packaging materials seeks licenses or similar agreements. Product interests include manufacture of **waterproof mail envelopes** (with limited resistance against wear, acids), **shipping bags and boxes made from special coated papers, combined textile paper materials for use by building industry for insulating, soil stabilization and other applications, and industry textiles for conveyor belts.** Firm is small but highly qualified importer/representative of special-type packaging materials. Has necessary financial means for expansion. Peter Schruf, Kleinschoenberg 28, 1700 Fribourg. P-78581.

2732—DOMINICAN REPUBLIC—Seeks joint venture arrangement to **print and distribute books translated into Spanish.** Local firm would provide composition, printing and finish, and would ship out printed books and materials. Is also interested in printing newspaper and technical magazines in Spanish for free distribution to Latin American countries. Established 1975, employs 35. Juan Antonio Quinones M., Pres., Editorama, S.A., Aptdo. No. 2074, Santo Domingo. Telephone: 566-0119. P-78578. OPIC.

2821 — VENEZUELA — Seeks licenses to produce **thermosetting resins.** Firm has manufactured synthetic resins for 11 years and wants to complement its production with non-competing line. Company is large, has good reputation. Humberto Marquez,, Gen. Mgr., Venezolana De Resinas C.A., Aptdo. 6682, Caracas. WTDR. P-78550.

2841, 2844—JAPAN—Subsidiary of leading American multinational firm **offers to subcontract manufacturing service for cosmetics, toiletries, detergents and similar products** and welcomes inquiries from U.S. companies wishing to enter Japanese market at a cost saving. Factory is 63 mi. from Tokyo on nine-acre site; employs 98. Commercial Section, American Embassy Tokyo, APO San Francisco 96503. P-78551.

2911, 2992—MOROCCO—Owners of **blending plant for lubricating oils and greases** wish to collaborate with international oil company to double plant's capacity and to sell lubricants abroad either under Moroccan brand name or under well known U.S. label. Plant has annual production capacity of 60,000 t. of oil and 7,000 t. of greases. Firm was established 1974; projected yearly sales volume of exports, about $30 million. One of the owners was for many years chief of lubricants section of subsidiary of an international oil company in Morocco. Mohamed Kanouni, Pres., International Petroleum Co., c/o C.E.E.M., 19, Place du 16 Novembre, Casablanca. P-78588.

3000 — FRANCE — Firm seeks licensing rights to manufacture **safety belts and other protective equipment** for industry. Company presently manufactures, distributes and exports safety belts for industry, military equipment and ski equipment. Established 1938; marketing areas include France, North Africa and Polynesia. Mr. Labourdique, Mgr., MACEM, 36 rue Charles Nodier, 25000 Besancon. Telephone: 81-81-13-00. P-78577.

3041 — FRANCE — Manufacturer of synthetic rubber tubes and tubing manifold for aerospace industry, motors, vehicles and machines, seeks licensing rights to manufacture **textile wire hydraulic and non-hydraulic rubber and plastic hoses** for aircraft and armament. Firm established 1953, employs 80. Hubert Mennesson, Mktng. Mgr., Rue de L'Industrie, Zone Industrielle, 77140 Brie-Comte-Robert. Telephone: 405-0857. P-78552.

3172—GERMANY—Firm desires exchange of licenses for production of **leather goods, including gloves, luggage, handbags, purses, wallets, travel kits, jewelry bags and cosmetic bags.** Principal customers are wholesalers, co-operative purchasing organizations and chain stores. Established 1958; employs 250. Herr Hannemann, Heinze Maas Verwaltungen, Otto-Hahn-Str. 3, 4714 Selm 2 (Brok). Telephone, 02592/61031; telex, 089808. P-78573.

3369, 3399—GERMANY—Seeks joint venture with U.S. firm to manufacture **metallurgical products,** especially those made from non-ferrous metals. Founded 1948, firm has 70 employees; annual sales, $6.5 million. It exports to Turkey, Iran, Austria and East European countries. Juergen Neels, HEK GmbH, Kaninchenborn 28, Postfac 1810, 2400 Luebeck. Telephone, 0451/52991; telex, 02 6772. P-78564.

3429—GERMANY—Firm interested in acquiring licenses from U.S. manufacturers for manufacture of **builders' hardware and metal shelves.** Company maintains sales offices in Austria and Holland. Principal customers are home center markets, do-it-yourself stores, wholesalers. Established 1936, employs 120. Bernhard Biennek, Erich Dieckmann GmbH KG, Gruene Talstr. 18-22, 5860 Iserlohn. Cable, DEI ISERLOHN; telex, 082 7773; telephone, 02371/556. P-78553.

3429—GERMANY—Manufacturer of general **consumer hardware, including household ladders, ironing boards, metal shelves,** seeks licensing arrangement to produce similar type products. Firm is particularly interested in doing business with U.S. manufacturer of self-fastening metal shelves, whose coated services have appearance of natural wood. Is also interested in acquiring capital interest in medium-sized U.S. hardware manufacturing firm. Established 1921, employs 150. Mr. Schulte, Gebr. Schulte Metallwarenfabrik, Postfach 1460, Am Duempel, 5780 Sundern 1. P-78554.

3432 — GERMANY — Seeks cooperative agreement with U.S. manufacturer of **lawn and garden sprinklers, sprinkler fixtures and hose connectors.** German firm, which specializes in producing sprinklers designed to water square and rectangular areas, seeks arrangement whereby each company would manufacture and distribute the other's sprinklers in its domestic market. Each firm may wish to acquire minority share in the other. Established 1826, has 200 employees; annual sales, between $4 and $5 million. Mr. Schulte, c/o Kissing & Moellmann—KYM, Postfach 332, 5860 Iserlohn. P-78572.

3452—FRANCE—Seeks licenses to manufacture all types of **metal bolts, nuts and**

rivets made from wire or strips by cold forging and stamping. Established 1921, firm has 518 employees, annual sales of $10 million, and produces above items. Max Auckenthaler, Commercial Mgr., Gobin Daude, 2 Rue Beranger, 75003 Paris. Telex, 220 280; telephone, 277-7788. P-78567.

3464—ITALY—Seeks to obtain **components for dust collection equipment.** Also interested in manufacturing products under license. Firm produces dust collection and air purification equipment; markets throughout Italy. Ing. Ciliberti, Aeromeccanica Industriale SRL, Via Venini, 3, 20127 Milan. Telephone: 02-206657/228250. P-78585.

3469—UNITED KINGDOM—Small firm seeks to manufacture under license **press shop (metal stampings) feed equipment or tooling aids.** Established 1955, as precision engineers; employs 25, utilizes three salesmen. John H. Rose, Sales Mgr., Tool Production and Design Co., Ltd., Lichfield Road Industrial Estate, Tamworth, Staffs, B797TA. P-78555.

3500 — NETHERLANDS — Seeks licenses to produce: **pneumatic transport systems such as conveyors; industrial weighing and dosing equipment for solids and liquids; industrial dryers; filters, particularly continuous pressure or vacuum; hydraulic systems and/or components; solid waste shredders; and solid waste baling systems.** Would market in Benelux and other Common Market countries. Firm makes apparatus, tanks and boilers for food, dairy and chemical industries. Established 1920, employs 175. Enjoys excellent reputation. G. W. Bleijenberg, Dir., Machinefabriek Werkland B.V., P.O. Box 3, Nieuw Weerdinge. P-78568.

3531—NETHERLANDS—Major manufacturer of **stationary and mobile concrete plants as well as machinery and equipment for ceramic industry,** desires to obtain licensing rights from U.S. producers in same field. Firm's program includes: complete stationary and semi-mobile batching and mixing installations for concrete with capacities up to 120m.³/h.; complete installations for concrete products industry such as prefab elements, street-paving tiles, tubes, blocks, border stones; "planeta" counterflow-mixers with capacity up to 3,000 l.; 100 percent mobile batching and mixing unit with capacity of 50m.³/h. of ready mixed concrete; equipment and installations for brick and roof tile plants. Company is interested in receiving business proposals for manufacture and sales in Netherlands, Belgium, Germany. Firm covers these countries with own sales organization. F. P. de Leur, Mng. Dir., Mulder Machinefabriek B.V., Venloseweg 9, P.O. Box 6, 5931 GR Tegelen. P-78575.

3541, 3542—UNITED KINGDOM—Seeks licenses to manufacture **press tools, especially progression tools, fine blank tools and transfer tools.** Established 1969, firm specializes in design and manufacture of injection molds, die casting dies, and production tools; employs 47. V. E. Watts, Dir., N. C. Tool & Die Co. Ltd., 3/5 Chequers Lane, Walton-on-the-Hill, Tadworth, Surrey, England. P-78566.

3542—FRANCE—Manufacturer of small **metalworking machine tools** seeks licenses to product similar equipment. Interests include all-purpose **grinding machines, profile grinding machines, milling and sawing machines** (between 500 and 1,500 kg.). Firm employs 700; annual sales, $2 million. Holds 60% of French market for this type of equipment. Also markets in Belgium, Switzerland, Italy, Netherlands, Spain. Mr. Jakabowits, Mgr., Centre France Negociation, 14 Rue Lafayette, 75009 Paris. Telephone: 246-2300. P-78561.

Licensing and investment proposals from foreign firms are listed in these columns. Specific product interests in each proposal are highlighted in bold type to facilitate identification and each proposal is preceded by the appropriate four-digit product number taken from the Standard Industrial Classification (SIC) Manual.

Background information on opportunities abroad and assistance on overseas investments are available from the Overseas Products and Investment Opportunities Staff, Room 4021, U.S. Department of Commerce, Washington, D.C. 20230. "P" numbers should be used when responding to any of the specific proposals listed.

WTDR indicates that a World Traders Data Report containing financial and background information on the foreign firm is available for $15 from the Export Information Division, Room 1033, U.S. Department of Commerce, Washington, D.C. 20230. WTDR request forms may be obtained from any Commerce District Office.

OPIC indicates that the country involved is eligible for investment insurance coverage and financing from the Overseas Private Investment Corporation. Information regarding applicable coverage may be obtained from OPIC, Washington, D.C. 20527.

3559—GERMANY—Seeks to manufacture under license **air and water purification and filtration equipment and systems, water recycling equipment, as well as other devices and systems related to environmental protection.** Firm employs 71, good reputation. Mr. Mohren, Joh. Mohren KG, Mirweilerweg 14, 5160 Dueren-Guerzenich. Telephone, 2421-61454; telex, 833891. P-78556.

3559—INDIA—Seeks joint venture or licensing agreement to manufacture **ash handling and irrigation equipment including machinery for mechanized digging of canals.** Company, wholly government owned, is prepared to purchase necessary components from U.S. participant. Indian concern produces wide range of coal mining and bulk handling equipment. Has entered into collaborative arrangements with several foreign concerns for production of coal processing equipment. Plans to diversify its activities. S. K. Ahluwalia, Gen. Mgr. (Operations), Mining & Allied Machinery Corp. Ltda. (MAMC), Durgapur 713210, West Bengal. WTDR. P-78557. OPIC.

3559 — NEW ZEALAND — Seeks contact with American plastic injection molders who make plastic **housewares, industrial and toy lines** and would be interested in manufacturing under license in New Zealand or in leasing their dies to New Zealand company for local production. M. A. Brunner, Mng. Dir., Autoplas Industries Ltd., P.O. Box 40200, Glenfield, Auckland. Telephone: 446497. P-78589.

3561 — FRANCE — Seeks representation, preferably licensing agreement to market special **cast iron pumps for swimming pools.** Firm currently produces cast iron and steel forgings; employs 221; has good commercial reputation. Henri Gilbert, Gen. Mgr., Gilbert Freres Et Cie, B.P. 26, 47700 Casteljaloux. Telephone, 58/93.04.95; telex, 540085. P-78583.

3573—NEW ZEALAND—Seeks licenses, technical agreements to manufacture and market **visual display units for such applications as mini and micro computer terminals and systems and printer systems for computers and computer keyboards.** Firm is part of substantial group with sophisticated manufacturing facilities for all aspects of electronic equipment production. Includes radios, television receiving sets. New Zealand company considers minimum annual market for display units at $100,000. L. R. Vowless, Chief Eng., Applied Electronics Ltd., P.O. Box 22417, Auckland 6. Telephone: 2763949. P-78558.

3583—INDIA—Recently established management consulting firm specializing in computer field seeks to represent American manufacturers of small, advanced **minicomputers, microprocessors and other computer peripherals.** Also interested in purchasing multi terminal direct data entry equipment with flexiblity to be utilized with any type of computer. Company offers range of services having computer applications in data processing, inventory and production control and management of information systems. Is managed by group of former Indian Navy officers with background in computer science. Commander A. V. Badve (Retd. Indian Navy), Senior Partner, Infomatics, 144/A Narayan Sadan, V.P. Road, Girgaum, Bombay 400 004. P-78559. OPIC.

3589 — FRANCE — Seeks to manufacture under license industrial and commercial type **floor cleaning machines.** Currently produces various types of brushes, metal or fiber, for industrial, commercial and private use. Also makes washing equipment for cars, buses, trucks. Has two plants, markets worldwide. Most important distributor of brushes in France. Excellent reputation. Denis Kibler, Commercial Mgr., Kibros, F 70350 Plancher-Les-Mines. Telex, 360947F; telephone, 84-23.12.39. P-78565.

3672—SINGAPORE—Seeks license to produce **monochrome and color TV picture tubes** for its partner firm in Indonesia. Plans to produce tubes in sizes of 14, 17 and 20 in. Seventy percent of output will be black and white, balance in color. U.S. licensor would provide equipment and technical know-how. Indonesian partner proposes to establish plant in Jakarta. Indonesia's rapidly expanding picture tube market is expected to exceed one million units within next few years. Current consumption is 600,000. Tonie Sugiono, Mng. Dir., Gwan Chuan Supply (Pte) Ltd., 134 Amoy St., Singapore 1. P-78562. OPIC.

3674 — FRANCE — Seeks representation agreement to market **passive electronic components.** Also interested in manufacturing under license. Currently produces and markets electronic components in France. Mr. Serras-Paulet, Sigma Industries, Z-I Les Parages, 82000 Mountauban. Telex, 520681F; telephone, 033/63/-19-82. WTDR. P-78571.

3674—SWITZERLAND—Seeks representation, possibly manufacture under license or joint venture **solar cells and solar energy collectors.** Firm is distributor/

Important Notice

Most member countries of the League of Arab States employ a secondary boycott against foreign firms which undertake certain specific types of business relationships with the State of Israel. The Commerce Department will not disseminate nor make available for inspection any tenders or trade opportunity documents which contain conditions intended to support such boycotts, or which are based on documents known to contain such provisions. Trade or investment opportunities published herein are not presently known to be subject to such conditions. However, it is possible that U.S. firms responding to opportunities from Arab countries may be asked at some stage of a transaction to participate in an Arab boycott-related restrictive trade practice as defined in the Department's Export Administration Regulations (15 CFR, Part 369 et. seq.).

Firms are reminded that it is the policy of the United States (a) to oppose restrictive trade practices or boycotts fostered or imposed by foreign countries against other countries friendly to the United States or against any United States person, and (b) to encourage and, in specified cases, to require United States persons engaged in the export of articles, materials, supplies, or information to refuse to take actions, including furnishing information or entering into or implementing agreements, which have the effect of furthering or supporting such restrictive trade practices or boycotts. Violators of U.S. anti-boycott law are subject to severe penalties including fine, imprisonment and revocation of export license privileges.

Firms are further reminded that U.S. concerns receiving requests to participate in a restrictive trade practice or boycott must report such request to the Department of Commerce in accordance with Section 369.6 of the above-cited regulations.

dealer of watch and precision parts. Maintains modern production facilities, employs 15. Aime Rossel, Pres., A. Rossel Micromechanique, Chemin De La Plage 2, 2520 La Neuveville. Telephone: 038-51-24-70. P-78570.

3732 — BOLIVIA — Firm seeks licensing arrangement to produce **aluminum boat hulls (runabouts).** Enrique Zbinden, Zbinden & Cia. S.A., Casilla 194, La Paz. Telex, BX 5444. P-78560.

3743 — GERMANY — Seeks to exchange licenses with U.S. firms covering technology for manufacture of **shunting devices for railroad systems such as shunting plants, turntables and traverses and rail transport systems for industrial plants.** Established 1958, firm claims to be one of leading German specialists in this field; produces manual and automatically controlled devices in a variety of sizes. Has 250 employees; annual sales, $35 million. Herr Hannemann, Gen. Mgr., Heinz Maas Verwaltungen, Otto-Hahn-Str. 3, 4715 Selm 2 (Bork). P-78569.

3811, 3841 — GERMANY — Firm seeks agency/distributorship or licensing arrangement for production of **equipment for medical laboratories:** high precision thermostats for high temperatures and large baths, homogenizers and fermentors; shakers for test tubes and Erlenmeyer flasks; equipment for carbon dioxide measuring in fluids and gases; water analysis equipment, particle counters for application in biological fluids; all types of catheters for application in cardiology, angiography, and drainage; diagnostic apparatus, especially small analysis systems for special applications; bioelectrodes; intensive care stations; infusion equipment; accessories and components for oxygen therapy systems, such as probes, connecting ducts. Established 1839, employs 3,000. Hartmut Loos, B. Braun AG, Postfact 110, D-3508 Melsungen. Cable, KATGUTFABRIK; telephone, 05661-711; telex, 099 923. P-78587.

3823—GERMANY—Wholesaler and representative in field of sophisticated laboratory equipment needs specifically **laboratory electromagnets, quadrupole doublets and singles, capacity up to 75 MEV.** Equipment is urgently required to replace similar equipment. Firm has open orders in multi-million-dollar range and cannot deliver. Juergen E. List, Pres., LIST-ELECTRONIC, Pfungstaedter Str. 20, D-6100 Darmstadt. Telephone: 06151-56000. P-78579.

3842—FRANCE—Manufacturer of **safety gloves** seeks licensing agreement to complement its present line of production. Plant is in Millau, well known center for glove and leather clothes manufacturing. Company manufactures gloves of cotton, linen, manmade fibers and leather for industrial uses; has good commercial reputation. Madame Gros, Plant Mgr., SAGI (Societe Aveyronnaise de Ganterie Industrielle), B.P. 16, 8 Place du Mandarous, 12101 Millau Cedex. WTDR. P-78576.

7392 — SWITZERLAND — Reputable, Swiss-based British consultant specializing in regulatory services, marketing, promotion, licensing, translations for introduction of drugs and pharmaceuticals in Switzerland, Britain and Scandinavian countries will **assist U.S. pharmaceutical manufacturers in their market penetration efforts in Europe.** Clifford B. Holliday, Dir., European Bureau for Regulatory Affairs in Pharmaceutical & Allied Industries, 1 Chemin Lucinge, 1006 Lausanne. Telephone: 021/23 81 87. P-78586.

Sri Lanka Seeks Agent In U.S. To Promote Conference Hall

The Government of Sri Lanka wishes to appoint an **agent in the United States** to promote the use of the Government owned Bandaranaike Memorial International Conference Hall. The facilities are underutilized and the Sri Lanka Government seeks to promote their use by American conference groups. Prospective agents should write to: N. Balasubramaniam, Director, West Division, Ministry of Foreign Affairs, Republic Building, Colombo 1. P-78584.

Indian Firm Seeks Agreements With U.S. Chemical Producers

Vinod B. Seth, Proprietor, S. Jhaveri & Co., Mangaldas Bldg., No. 3-A, B-267, 11th Floor, Mangaldas Road, Bombay, is scheduled to visit the United States for six weeks beginning July 24. Seth would like to be the Indian agent for American manufacturers of the following chemicals: **acrylonitrile/acetonitrile used in resin manufacture, orthoxylene, amino butanol used in production of anti-T.B. drugs, sodium methoxide and guanidine nitrate used by drug industry, organic drug intermediates, specialty chemicals used in offshore oil drilling, molybdenum trioxide and sodium tungstate.** He has also expressed interest in acting as a consultant to U.S. firms seeking joint ventures in India.

S. Jhaveri, established in 1951, represents several well known international firms for a wide range of chemicals, pharmaceuticals and cosmetics. Cable: QUINACRINE, Bombay. During Seth's American visit, interested firms are invited to contact him in care of Dr. S. B. Seth, 401 S. Avenida Faro, Anaheim, Calif. 92807. P-78582. OPIC.

Licensing In U.S.

For additional information on these opportunities to manufacture foreign firms' products in the United States under an investment, joint venture, or licensing agreement, write to the Domestic Investment Services Staff, Bureau of Export Development, Room 4020, U.S. Department of Commerce, Washington, D.C. 20230 (202-377-5361), referring to the appropriate file number.

Investment

GERMANY — Specialized anchoring system for precast construction industry. Company wants to locate in Texas. Requires site covering 500 to 1,000 sq. m. with 300 sq. m. for production plant with crane capacity of 20 t. Company will lease or purchase existing facilities. Will send its specialists to U.S. and train ten machinists initially. Commercial Section, American Con. Gen., Urbanstr. 7, D-7000 Stuttgart 1. File 3964.

Joint Venture

GERMANY—Electrical floor heating systems for homes, commercial buildings, schools. U.S. partner will do large installations (electrical) with rubber insulated cables. Herbert Pferschy, Seestr. 78, Postfach 7, 8131 Berg, Am Starnberger See. File 3965.

GERMANY — Hydraulic presses. U.S. partner should be of medium size (150 workers), with capability of handling presses over 500 m. t. In addition, partner should be equipped with bridge crane capacity of up to 40 m. t. as well as assembly crane of 40. m. t. Herr Schirmer, Schirmer & Plate, Ostwall 171-175, 4150 Krefeld. File 3966.

Licensing

AUSTRIA — Detoxication device for exhaust gases of internal combustion engine. Device, when mounted between carburetor and intake manifold, reportedly reduces emission from approximately 5% to about 0.5% in terms of volume and brings about substantial savings in fuel consumption. Device patented in U.S. June 8, 1978, No. 3,961,615. Robert Leitner, Patentverwertung, Dietrichsteinplatz 14, A-8100 Graz. File 3967.

AUSTRIA—Company specializing in design and engineering of industrial plants and equipment including pickling plants for iron and steel, acid regenerating plants for steel industry, water cleaning and treating installations, waste decomposition and recycling plants, charging machines and forging manipulators seeks contacts with American firms interested in: producing **industrial equipment** designed and engineered by the Austrian company for American customers; producing under license **charging machines and forging manipulators**; representing the Austrian company's division for **water treatment and waste decomposition and recycling plants** in U.S.; cooperating with the Austrian company in third-country projects involving technology and know-how in field indicated above. Harald Bauer, Mng. Dir., Ruthner Industrieanlagen A.G., Aichholzgasse 51-53, P.O. Box 84, A-1121, Vienna. File 3968.

GERMANY — Carburetor device that reportedly reduces toxic contents of automotive exhaust fumes and reduces fuel consumption. Easily installed in vehicles already on road, should be sold through automotive accessory dealers and garages. Production of device covered by U.S. Patent No. 3,785,628, Jan. 15, 1974, now being produced in Germany. German firm wants to find business partner in U.S. who will either manufacture and sell device in U.S. under license or who will purchase patent. Ing. Dipl. ing. Ludwig Lang, Zimmerstr. 10/12, 6100 Darmstadt. File 3969.

GERMANY — Leather goods, including gloves, luggage, handbags and purses, wallets, travel kits, jewelry bags, and cosmetic bags. Herr Hannemann, Heinz Maas Verwaltungen, Otto-Hahn-Str. 3, 4714 Selm 2 (Bork). File 3970.

GERMANY—Accessory for charcoal grill to make charcoal glow in less than five minutes without any liquid starter. This grill turbine, made of highly durable and heat-resistance material, is placed on underside of grill. Mrs. Marianne Sander, Gen. Mgr., Vulkan GmbH, Gartenstr. 57, 6452 Hainburg. File 3971.

SWITZERLAND — Safety ski binding. Otto Suhner, Otto Suhner AG, P.O. Box 199, 5200 Brugg. File 3972.

Cross-Licensing

GERMANY — Shunting devices for railroad systems such as shunting plants, turntables and traverses, and rail transport systems for industrial plants. Firm reportedly is one of leading German specialists in rail transport handling and shunting products. Herr Hannemann, Gen. Mgr., Heinz Maas Verwaltungen, Otto-Hahn-Str. 3, 4715 Selm 2 (Bork). File 3973.

Direct Sales

The following trade opportunities are based on reports received from the U.S. Foreign Service—Department of State by the Trade Opportunities Program, Room 2323, U.S. Department of Commerce, Washington, D.C. 20230. The commodities in which foreign firms have interest indicated by codes 0111-1799 and 4011-8999 are based on the Standard Industrial Classification Manual, 1972; codes 20 through 39 come from Numerical List of Manufactured Products (New 1972 SIC Basis), MC72-1, 2. Codes beginning with 99 are from the TOP coding system.

U.S. firms should be aware that the listing in Commerce America *of opportunities to trade in specific commodities and technical data does not necessarily imply approval of their export by the Department of Commerce pursuant to the Department's Export Administration Regulations. Applicable export licensing regulations must be followed.*

Every effort is made to include only traders with good reputations. However, the Department cannot be responsible for any trade relations.

WTDR indicates that a World Traders Data Report on this specific firm is available at $15 from the Export Information Division, Room 1033, U.S. Department of Commerce, Washington, D.C. 20230. A WTDR is a trade profile which contains commercial information including financial references, on an individual foreign firm. Orders must include complete name and address of the subject firm and be accompanied by payment. Further information concerning WTDRs and request forms are available at each Commerce District Office.

Coal

1211203—WEST GERMANY—Steam coal for powerplants with min. of 6,300 km calories, or about 25,000 btu. Annual requirements—200,000 m/t. Price quotations f.o.b. U.S. port. Firm ranks among leading coal importers & distrib. in N. Germany. Estab. 1879, employs 400. Annual sales DM 220 million. Good financial reputation. Reply to—Guenther Giese, Fisser & V. Doornum, Ringstrasse 43, D-2970 Emden, Germany. Telex 027825; tel. 04921-24041; cable FISSERKOHLE EMDEN.

Miscellaneous apparel

2385071—TOGO—Baby pants & diaper covers, plastic & rubberized. Firm is well located. Deals mainly in knitted goods. Average annual turnover est. about cfa 5 million. Price quotations c.i.f. Lome. Reply to—Combetey Amah Combey ets la Patrie, BP 4096, Lome, Togo. Cable PATRIE/LOME.

Mobile trailers

2451110—GREECE—150 mobile trailers to house 14-man drilling crews. Trailers to be dustproof, fireproof, insulated & air-conditioned. To be used in Iraq, where ambient temperatures vary from minimum 10 degrees C. to plus 60 degrees C. All interior fixtures to be metal or plastic, no wood. 30 mobile trailers to house 2 drilling crew supervisors. Same specifications as above. Rep. of major U.S. firm with long experience in Iraqi market & good local contact. Prices should be f.o.b. & c. & f. Baghdad & Basrah. Firms responding will be requested to post bid bond in form of unconditional bank guarantee equal to 4 percent of bid value. Direct offers from mfrs. Manager, W. Barreto, 25 Mateou, No. 3 Paleo, Psychico, Athens, Greece. Tel. 672-4377.

Industrial chemicals

2819974—EGYPT—Supply 500 M/T pure sulfur to be used in production sulfur dioxide in sulfonation process. Physical appearance—pure bright yellow crystalline powder. Assay on dry base—not less than 99.5 percent. Organic matter—not more than 0.05 percent. Ash content not more than 0.05 percent. Arsenic nil; selenium nil; tellurium nil; loss in wt. at 60 degrees C—not more than 0.05 percent. Interested U.S. firms urged contact their agents in Egypt. If you do not have a rep., contact nearest Dept. Commerce District Office. Price quotations requested f.o.b. & c.&f. Alexandria. Preliminary letter guarantee 2 percent value tender requested. In event firm order materializes guarantee will be increased to 10 percent. Bid docs. available from Foreign Purchases Committee, Egyptian Starch & Yeast & Detergents Co., 30 Salah Salem St., Alexandria, Egypt. Cable STARCHRICE; tel. 69546. Refer to tender no. 18/78. Bid deadline Aug. 20.

Plastic products

3079477—UNITED KINGDOM—Blister & bubble formed packaging. Claims excellent connections to pharmaceutical industry throughout Great Britain. Financial ref. —Barclays Bank Ltd., Sale, Cheshire. Reply by fastest means to—T. J. Parker, Hiltcroft Packaging Systems Ltd., 40 Washway Road, Sale, Cheshire M33 1QZ, U.K. Tel. 565-3504; telex 667461 COMCAB G.

Glassware

3229133—IVORY COAST—Requests offers from U.S. exporters of glass tableware. Reply to—R. Meroueh, Dir., Societe Meroueh Freres & Cie, B.P. 20375, Abidjan. Tel. 35-25-86.

Kitchenware

3263052—JAPAN—Kitchenware for cooking, preparing & storing food & drink. Estab. 1977. Paid-in cap., 5 million yen (about $22,000). Employs 15. Yearly sales, 300 million yen (about $1.4 million). Main bank—Daiichi Kangyo Bank. Importer-distrib. of toys, sporting goods & houseware. Reply to—Tadashi Tsuchida, V.P., Nippon Interland Corp., C/O Eizai Kaikan, 1-20-6, Nishishinbashi, Minato-Ku, Tokyo 105. Cable NIPINPUB; telex J25478 SUNOCEAN; tel. 03-502-2670.

Nonferrous metals

3353351—INDIA—Aluminum foil (soft & annealed) with purity 99.3 percent & above & thickness 0.006 mm. Suitable for fan condensers & power capacitors. Requires 50-70 m/t per annum on recurring basis. Reply to—Ravindra Saykhedkar, Shounak Engineering, 596 Sadashiv Peth, Laxmi Road, Near Commonwealth Bldg., Poona, Maharashtara, India 411 030. Cable SHOUNAKAGE, POONA.

Cutlery, hand tools, gen'l hardware

3423000—HONDURAS—Cutlery, hand & edge tools & gen. hardware. Operates agency for representation of foreign firms on commission basis & requests offers c.i.f. Cortes against L/C of above products incl.

agricultural tools. Catalogs, price lists, terms delivery & terms of commission will be appreciated. Enjoys good reputation in local banking circles. Reply to—Orlando Valerio D., Mgr., Agencia Honduras, P.O. Box 137, 4A. Calle S. No. 88, San Pedro Sula, Honduras. Tel. 52-2005 & 52-0463.

Fabricated metal products

3493000 - 40000 - 5000 - 6000 - 8000 - 9000 —WEST GERMANY—Saar-Metallwerke, an important non-ferrous metal mfr. of copper products for iron-making industry, seeks U.S. source of supply for certain cast or formed products which would complement its own line. Its trade division would then be in a position to sell a complete line of copper & copper-alloyed products in Fed. Rep. of Germany. Estab. 1925. Employs 230 & works with nominal capital of DM 4.2 million. Annual turnover reported DM 35 million. Contact—Herrn Huber, Saar-Metallwerke GmbH, Postfach 346, 6600 Saarbruecken, Germany. Tel. 0681-67045; telex 4428806.

Construction machinery

3531000 — ARGENTINA — Direccion Nacional de Vialidad, Argentina's Road Commission, Av. Maipu 3, Piso 5, Buenos Aires, will call for tenders for construction or major repair 41 road sections in various parts Argentina, between now & Oct. Total cost project $260.5 million. While contracts will most likely be awarded to local or locally estab. firms, there may be substantial trade opportunities for U.S. suppliers of road construction & earthmoving equip., in terms of sales. A list of the leading road construction firms in Argentina, who will probably obtain majority contracts, available from Dept. Commerce, TOP, Rm. 2321, Wash., D.C. 20230. Tel. 202-377-2251.

Special industrial machinery

3551339-58 — BURMA — Supply rice bran oil mill machinery comprising one 100 kva diesel generator, 1 steam boiler 5,500 lbs./hr. cap., explosion proof electrical system, & solvent recovery system. Financed with ADB credit. Obtain bid docs. for $14 per set from—Managing Dir., Agricultural & Farm Produce Trade Corp., 70 Pansodan St., Rangoon, Burma. Bid deadline Aug. 19. Refer to bid no. 4-09 to 4-12APT C/ADB/193 BUR (SF).

3559587—ECUADOR—Machinery & equip. to manufacture leather, chromium-plated & gold-plated wrist-watch bracelets. 60 cycle 110/220 v. AC available. Send literature, quote c. & f. Guayaquil, to Adolfo F. Saldivia, Mgr., Joyeria Emperador Cia Ltda., Pichincha 726 Y Sucre, Guayaquil, Ecuador. Tel. 515-353.

3559589 — WEST GERMANY — Medium-sized mfr. of electrical parts want to import for his own production wholly automatic machines for mfg. miniature fuses. Estab. 1953; has 120 employees & reports annual sales volume of DM 4 million. Contact—Arno Flect, Eska Erich Schweizer, Elektrotechn. Fabrik, Postfach 103540, D-3500 Kassel, Germany.

Electrical industrial apparatus

3621430-40—PARAGUAY—Supply, installation & start of operation diesel-engine driven generator set or sets, as follows: Option 1—1 stationary diesel-engine driven generator set, continuous operation (motor generator), min. power cap. 2,200 hp. Option 2—2 stationary diesel-engine driven generator sets, continuous operation (motor generators), min. power cap. 1,100 hp. Est. total value tender $500,000. Obtain specs. for $80 from—Oficina de Licitaniones, Industria Nacional de Cemento, Calle Humaita 357, Piso 5, Asuncion, Paraguay. Bid deadline Aug. 29.

3621447, 9918101 — INDONESIA — PLN (Indonesian state electricity corp.) invites sealed bids covering supply, delivery, supervision erection, testing & commissioning 1 diesel generating set with range cap. between 4000 & 4400 kw, 50 hz, 750 rpm max speed, complete with auxiliaries, acces., protection & operation switchboard, cables & wires for Bitung Power Station Minahasa, N. Sulawesi. Financed from proceeds ADB loan no. 166 INO (SF). Obtain bid docs. for $120.48 from—Directorate Planning, Perusahaan Umum Listrik Negara, Jalan Trunojoyo Blok M I/135, Kebayoran, Baru, Jakarta Selatan, Indonesia. Bid deadline Sept. 20.

Communications equipment

3662220—QATAR—Interested in establishing contacts with U.S. mfrs. & suppliers of color T.V. reproduction studio equip. for upcoming govt. project. Civil works for project now in progress. Prefers deal with one firm or two which can supply all necessary equip. plus installation & testing. Continuation of 9A—Station, Ministry of Information. Bid request by Qatar TV Station, Ministry of Information. Contact George Yousif, Gen. Mgr., Qatar Intl. Trading Industrial Co., (QITICO), P.O. Box 3211, Doha, Qatar (Arabian Gulf). Tel. 328444; telex 4248 QITICO DH; Cable QITICO.

3662232—PAPUA NEW GUINEA—Supply hf broadcast transmitters on period contract basis. Basic tech. specs. will be—operating frequency range 2mhz to 16 mhz, output powers (to be specified at time ordering)—2, 5, 10, 15, 30kw. Main power supply—3-phase, 50hz, 415 v. phase to phase, or single-phase, 50hz, 240 v. phase to neutral. Within 1st 18 mos. at least 1 transmitter of either 10kw or 30kw will be purchased. Obtain bid docs. for $41.70 deposit from—R. S. Hamlett, Asst. Dir., Transmission, National Broadcasting Commission, P.O. Box 1818, Boroko, Papua New Guinea. Refer to bid no. S17. Bid deadline Sept. 28.

Electronic components, accessories

3679020-47—ECUADOR—Sapphire & diamond phonograph needles, all types; phonograph cartridges, all types & impedances. 60 cycle, 110/220 volt ac available. Send literature & quote c. & f. Machala, Ecuador. Interested in supplying above to southern area of country. At later date he desires to produce phonograph needles & cartridges locally. Reply to—Edgar A. Cardenas-Criollo, Diza, Casilla 007, Machala, Ecuador. Tel. 920-385.

Motor vehicles, equipment

3715100 — INDIA — Tender invited from mfr. and/or suppliers in member countries of World Bank & Switzerland for supply tractor trailer, 30-ton loading cap. Obtain tender docs. along with detailed specs., terms & conditions & instructions, etc. on payment of non-refundable fee of RS. 150 per set 3 copies from below address prior to submitting offers. Validity period tenders will be 90 days from date opening tenders. Tenderers must submit tender bond in prescribed form for an amount equal to 2 percent aggregate value of goods towards earnest money. Refer to bid no. CAD/RCP/EE/PROC/GT/78-79/I. Obtain bid docs. from—Executive Engineer, Command Area Dev., RCP, Mahkma Khas, Lalgarh Palace, Bikaner 334001, India. Bid deadline Aug. 31.

Laboratory furniture

3811380—EGYPT—Supply laboratory furniture required for project Alexandria University—Faculty of Science. Lab. furniture consists of base units, work tops, sink basins, service fixtures, & fume hoods. Interested firms urged to contact their Egyptian agents to purchase conditions & specs. for L.E. 200 or U.S. $285.71 at below address prior to submitting offers. Copy of tender conditions & specs. (for review only) available from Dept. Commerce, TOP, Rm. 2321, Wash., D.C. 20230, tel. 202-377-2251. Obtain bid docs. from—Foreign Purchases Dept., El-Mahmoudieh Gen. Contracting Co., 32 Salah Salem St., P.O. Box 1388, Alexandria, Egypt. Bid deadline Aug. 31.

Measuring & controlling devices

3825200 — BAHRAIN — Supply scientific electrical, electronic & pneumatic control equip. listed below for college laboratory. 2 advanced D.C. servo systems, feedback type es 130 or equivalent. 2 function generators suitable for use with es 130, feedback type fg 601—0.001hz 1mhz or equivalent. 1 pneumatic servo, feedback type pcm 140 or equivalent. 1 compressor for use with pcm 140, feedback type pps 141 (incl. air hose) or equivalent. 2 D.C. modular servo systems; feedback type ms 150 or equivalent. 2 modular servo conversion kits for use with ms 150, feedback type 150 rst, or equivalent. 2 feedback type 150 uvw or equivalent. 2 feedback type sr 1500g or equivalent. 2 feedback ds 150j or equivalent. 2 feedback type sh 150 m or equivalent. 2 variable phase function generators, feedback type twg 500 0.01hz—100khz or equivalent. 2 A.C. modular servo systems, feedback type ms 150a or equivalent. 1 chain code cocelator, feedback type ccc 325 or equivalent. 1 process trainer, feedback type pt 326 or equivalent. 1 oscilloscope—Hewlett Packard model 1222 A or equivalent. 2 oscilloscopes—Hewlett Packard model 1707 B, opt. 300 or equivalent. 1 oscilloscope—Hewlett Packard model 1804 A. Electrical system—220/240 v. 50 cycle. Reply to—Chairman, College Executive Committee, Gulf Technical College, Isantown, Bahrain. Bid deadline Nov. 30. Refer to GTE/ATI/EEP/CON.

Chemical plants

9910700—QATAR—Sheikh Ali Bin Jabr Al-Thani, member of Qatar ruling family & Chairman of Board of Dir. of Commercial Bank of Qatar, requests contact U.S. firms interested in making turn-key detergent plant in Doha. Sheikh Jabr intends to provide land for plant in Doha suburbs & high percentage total costs. Prefer to deal with experienced firms with capabilities to service, administer & operate plant for negotiable period. Plant expected is of high cap. production to meet geographical area detergents consumption. Contact—Sheikh Ali Bin Jabr, Chairman, Board of Dir., Commercial Bank Qatar, P.O. Box 3232, Doha, Qatar. Tel. 32101; telex 4353 TEJAR I DH.

Construction

9911201—QATAR—Qitico desires estab.

contacts with U.S. construction contracting firms for upcoming new women's hospital project. New hospital to be 6 fl., 300 beds, to be located near present Rumailah Hospital. New hospital works will come out in 2 tenders, one for steel structure to be issued July, second for civil, electrical, mechanical works to be issued Sept. 78. Tendering period for steel structure 8 wks. (July-Aug. 78), for other works 2½ mo. (Sept.-mid-Nov. 78). Qitico confirmed govt.'s position on prefering to select firms with former experience in hospital works for implementation of its new women's hospital. Project consultant John Harris & Partners, London. Send brochures showing past experience in line hospital construction works to George Yousif, Gen. Mgr., Qatar International Trading & Industrial Co. (Qitico), P.O. Box 3211, Doha, Qatar. Refer to 77 DOHA 1017.

9911202—QATAR—Won C. Choi, Project Mgr., Al-Mana Co., seeks contact with U.S. construction contracting firms in hotel/motel works. MANCO desires to sponsor U.S. firms for construction hotel 300 beds in Umm Said, industrial port & town Qatar. Govt. already appointed consultant for project but name not yet disclosed. Design hotel now in progress. Anticipates project tender to come out Nov. or Dec. 1978. Hotel meant to accommodate industrial staff, possibly 8-10 fls. with restaurants, conference hall & recreational facilities. Former experience in geographical area is advantage. Contact—Won C. Choi, Project Mgr., Al-Mana Co. (MANCO), P.O. Box 491, Doha, Qatar. Tel. 26296; telex 4221 MANCO DH; cable AL-MANCO.

9911204, 9915202, 9917100, 9921104—CAMEROON—Soil preparation services, incl. clearing of 3,750 hectares of land & preparation of soil for planting (drainage, service roads, etc.), crop planting. Project to be realized in three one-year stages with completion scheduled for April 30, 1981. Farm management services—overseeing & management of project. Value of project est. U.S. $4,000,000. Financed by IBRD. Submit bid docs. to—Societe Camerounaise de Palmeraies (SOCAPALM), B.P. 691, Douala, Cameroon. Bid deadline Sept. 15. Refer to bid no. B03.

9911207—GAMBIA—Project for expansion educational facilities. Work comprises construction of—A1—auxiliary nurses training center, A2—nurses field station, A3—extension secondary school, A4—extension secondary school, A5—regional education center, A6—field station nurses, A7—regional education center, A8—extension secondary, A9—regional education center & production center, A10—extension secondary school, A11—extension school nursing, A12—extension secondary school & home economic class, B1—technical institute, B2—management dev. institute. Financed by World Bank. Potential contractors should apply for projects A1-12 & prequalification proforma for projects B1 & B2 to Dir. Public Works, Banjul, The Gambia.

Communication projects

9912700—PERU—Entel Peru, govt.-owned telecommunications co., studying possibilities installing 2nd standard type earth station along with its existing earth station at Lurin. Study new project being carried out by Entel's own tech. staff. Once completed, study will be submitted to Min. Transport & Communications for approval & then to Natl. Planning Institute for project priorization. In connection with this proj., Entel Peru interested in contacting U.S. mfrs. earth station antenna systems as well as of low noise receiving systems, power amplifiers, & base band to rf equip. Required equip. characteristics are—antenna-32 m dia., azimuth elevation, beam wave-guide type, with dual polarization, incl. automatic tracking & control system. Low noise receiver—three 55 degree kelvin or less cryogenic low noise amplifier, incl. wave guide switches, test facilities & interconnecting waveguides. Power amplifier—four 700 watts air-cooled twt system, incl. wave guide switches, combiner, dummy load, filters, test facilities & interconnecting waveguides. Base band to rf equip.—1 transmit chain & 1 receive chain, with frequency agile converters & threshold ext. demodulator for telephone carrier & control equip. for N-1 redundancy. Also 1 transmit & receive chain for TV carriers, incl. TV processors. Entel Peru requests U.S. mfrs. to submit their offers, incl. equip. price, cost transportation to Lima, installation, test & documentation required. Quotations should be separate for each equip. involved. Project has no financing. Interested U.S. firms should therefore be in position to provide full financing. Submit offers to—Ing. Carlos Block Sessarego, Project Mgr., Entel Peru, P.O. Box 2600, Lima 100. Tel. 409900; telex 25522, 20443, 20442.

Manufacturing & fabrication plants

9913210—YUGOSLAVIA—Slaughterhouse & meat processing plant according to following specs.—slaughtering cap. 60 cattle /shift (12,000 annually) & 3,000 lambs /shift (352,00 annually); meat chilling & fresh meat packaging cap. 1,200 kgs/day; processing cap. 2,000 kg/day mutton & lamb meat sausages; 1,000 kg/day beef sausages; 1,000 kg/day cured products mutton & lamb meat; 2,000 kg/day canned mutton & lamb meat; 2,000 kg/day canned beef. Should also have facilities for rendering tallow & inedible & condemned products. Equip. for waste treatment & gen. pollution control should be incl. in design. Bid docs. available below against payment of $100 into enterprise's account 40100-620-42-108 at Stopanska Banka, Skopje, & must be obtained prior to submitting offers. Financed by IBRD. In tender, bidders should provide plant design & layout, technological process flow chart, product assortment listing, equip. selection, program for training personnel, & program for equip. break-in & maintenance. Meat products must meet export standards for markets in Europe, Near East, North Africa & U.S. Obtain bid docs. from—Klanica Gostivar Br. 13-1586, Kombinat Makedonija, P.O. Box 326, 91001 Skopje, Yugoslavia. Refer to SL-23/78. Bid deadline Aug. 24.

Ports, harbors, dock facilities

9916300, 3531410-6200-7100 — INDIA — J. Menezes, Addt. Chief Mechanical Engineer, Bombay Port Trust (BPT), announced following advance info. on container terminal expansion scheme. Project envisages capital outlay approx. $9.5 million. Proposed scheme incl. expanding existing container handling facilities at 12-B Indira Dock; purchase electric container cranes, front-end loaders, trailers, straddle carriers & special purpose port tractors from various foreign mfrs. BPT sources indicated Indira Dock handles, on average, 12,000 to 14,000 containers/yr. Port authorities anticipate this traffic to increase to 25,000 containers by end 1979. BPT plans procure following container handling equip. through global tenders by end 1978—2 electrically-operated special purpose container cranes; 8 front-end loaders with hydraulic attach.; 10 straddle carriers; several trailers with special fittings to load containers; 4 high hp tractors used in port operations. Interested companies may obtain further details from R. G. Govindarajan, Chief Mechanical Engineer, Bombay Port Trust, Nirman Bhavan, Clarke Bunder, Mazagon, Bombay 400 010, India. Telex 011-2345 A/B; code BOMPORT 011-2345; cable PORTCEMECH-VICTORIA GARDENS, BOMBAY.

Highway, road construction

9916400—GREECE—Construction outlet & road network in area of zone IB of Thessaliotis, Karditsa Dis. Est. at 64 million drachmas (about $1.7 million), project open to construction firms IBRD-member countries & Switzerland. Also to Greek contractor firms operating as corp. (class E) & Greek contractors class D certified for hydraulic works. Prospective bidders must pick up from below address following docs., prior to submitting offers: call for bids; contract conditions; cost est.; price list schedule to be filed; cost est. to be filed. Following docs. also available: description drawings; indicative drawings; brief est. quantities work. All docs. available free from Ministry of Agriculture, Gen. Div. Land Reclamation, Tech. Design & Constructions Serv., 46 Chalkokondyli St., Athens, Greece. Bid deadline Aug. 17.

Power generation & transmission

9918102 — PHILIPPINES — Following required for 4th Mindanao Power Project (Agus IV): Lot II—Mfg., supply, installation & testing mechanical equip. consisting turbines & governors, spherical valves, drainage & cooling system, flap gates, compressed air system, oil purification system, emergency generator, workshop tools & equip., & water treatment system. Lot V—Mfg., supply, installation & testing electrical equip. consisting of: schedule I—generators & 13.8 kv generator accessory equip.; schedule II—13.8 kv/0.48 kv station serv. substation in cavern, low voltage a.c. distrib. system in cavern, d.c. equip. in cavern, 14.6 kv feeder from cavern to dam & spillway, unit control panels, instrumentation & control, low voltage a.c. & d.c. system in ser. bldg., & transformer workshop equip.; schedule III—grounding system in cavern & cable shaft, illumination in cavern, a.c. electric installation in motor pool bldg., a.c. electric installation in access-shaft bldg., a.c. electric installation in dam & intake zones, communication system, clock system, cable ducts & cable shaft, & outdoor lighting system for surface structures; schedule IV—step-up power transformer; schedule V—138 kv switchyard; schedule VI—138 kv transmission line. Lot II shall be tendered as lot. For lot V, tenderer may tender on 1 or more schedules. Separate award contract will be made for lot II & for each schedule in lot V. Tender docs. incl. confidential statement for determining tenderer's responsibility form available for 600 pesos/set which will not be refunded. Natl. Power Corp. received loan from Asian Dev. Bank. Obtain forms from—J. U. Jovellanos, Sr. Vice President, Engineering, Natl. Power Corp., 161 Bonifacio Dr., Port Area, Metro Manila, Philippines. Telex NAPOCOR. Bid deadline Sept. 14.

9918104, 3561100, 3621200 — INDIA — Bid has been issued by Tata Electric Compa-

nies, for equip. required in connection with expansion of its thermal power plant by 500 mw. Bid managed by Tata Consulting Engineers (TEC). This bid calls for supply, testing, inspection, supervision, erection & commissioning four 16,500 m to power of 3/hr vertical type circulating water pumps complete with electrical motor drives & associated accessories to supply cooling water from sea to surface condenser for 500 mw steam turbine generator unit. Equip. to be supplied 110 wks. from date award of contract. Bid docs. priced at $90 ea. set available from Tata Consulting Engineers (TEC), Tata Press Bldg., 414 Veer Savarkar Marg, Bombay 400025, India. Cable TATACONSEN; telex 011-4524. Bid deadline Oct. 9.

9918201, 3355100-7200 — PARAGUAY —Low tension electric power transmission copper wire as follows—70,000 meters, insulated single-pole, 4 sq. mm. 20,000 meters, insulated single-pole, 6 sq. mm; 500 meters, insulated flexible single-pole, 50 sq. mm; 1,000 meters, underground single-pole, 120 sq. mm; 800 meters; underground single-pole, 500 sq. mm; 2,000 meters, underground 3-pole with neutral, 3 x 120 plus 1 x 70 sq. mm. Low tension electric power transmission aluminum wire, 4 poles, 3 x 120 plus 1 x 70 sq. mm. Inter-American Dev. Bank financing. 1 set specs. $30, additl. set $20, from Div. De Adquisiciones, Departamento de Licitaciones-ANDE, Calle Padre Cardozo 355, Asuncion, Paraguay. Bid deadline Aug. 18. Refer to 173/78.

9918203-4, 3573100-200 — ARGENTINA —Direccion de la Energia de la Provincia de Buenos Aires (DEBA), Province Buenos Aires power utility, planning to install its first computerized load dispatch center in La Plata. This "regional" computerized load dispatch center will facilitate energy load control for some 55 substations through 4 sub-regional stations located in towns of Bahia Blanca, Tandil, Bragado, & Dolores. Dispatch center will then be connected with Rosario, national dispatch center in province Santa Fe. In addition to 4 imported computers & peripheral equip. which will manage system, following components may also be imported—telecommand equip., signaling equip., transducers, interrupters, graphic recorders, event recorders, oscillographs, potentiometers, tensiometers, etc. Practically none of equip. used in these systems (with exception transducers), can be mfrd. locally. Therefore unlikely there will be local content requirement in bid specs. DEBA est. cost for project at $16 million. Suppliers' financing terms will be required. Ing. Walter Viader traveling to Europe & U.S. in order to evaluate different dispatch center systems currently in operation in various countries to be visited. DEBA currently plans to call for bids following this trip—in Aug. or Sept. 1978. For further info. contact Ing. Walter Viader, Admin. Gen., Direccion de la Energia de la Provincia de Buenos Aires, Calle 55 No. 570, La Plata, Buenos Aires.

9918203, 3613000—MALAYSIA—Tenders invited from mfrs. or their accredited agents for supply 132 kv & 11 kv switchgear & ancillary equip. for 7 substations in states of Pahang & Trengganu. Ea. request for docs. must be accompanied by check or bank draft for M$100 made payable to Chief Accountant, Natl. Electricity Board. This payment nonrefundable. Additl. M$25 for postage fee should accompany requests for tender docs. from overseas. (U.S. $1.00 approx. M$2.3760). Obtain bid docs. from—Senior Purchasing & Contracts Officers, Natl. Electricity Board, P.O. Box 1003, 129 Jalan Bangsar, Kuala Lumpur 22-06. Refer to tender no. 15005. Bid deadline Oct. 9.

9918204—ALGERIA—Study, supply, test & start-up 1 computerized control system for control & centralized operation of distribution networks for fluids (gas, water, oxygen, etc.) & electricity at El Hadjar Steel Complex (Anaba, E. Algeria). Offer to remain valid 90 days past bid deadline. Offer & all corres. must be in French; all specs. metric. Refer to bid no. SG 1357. Bid deadline Sept. 30. Tender docs. cost 800 DA ($201.15) from Direction Travaux Neufs, Div. Marches, SNS, BP No. 1035 Annaba, Annaba, Algeria. Cable SIDEJAR A ANNABA; telex 92727; tel. 82.74.90.

Engineering services

9922103-99—SAUDI ARABIA—Ministry of Higher Education seeking architectural /engineering firms to qualify for design & construction supervision new building for Ministry's offices. Building will be showcase project located in prestigious part Riyadh & therefore good project for firm wishing establish reputation in Saudi Arabia. Send qualifications, incl. description work completed in Saudi Arabia & Middle East, to Director General, Ministry Higher Education, Riyadh, Saudi Arabia. Telex 201481 ALI SJ.

9922299—SYRIA—Study & planning for building electricity line of 400 kva between Fayrouza & Adra 2, per tender book specs. & conditions. Bid bond Syrian pounds 75,000. Final bond 10 percent contract price. Period execution defined by tenderer, & considered factor of preference. Delay penalty 2 per thousand daily. Mode of payment not defined. Tender book obtainable upon payment of Syrian pounds 1000 (U.S. $112=S.P. 3.90) from Public Establishment of Electricity, Sultan Salim St., Damascus, Syria. Refer to bid no. 842. Bid deadline Aug. 17.

Representations

Foreign private firms are interested in agency agreements and/or distributorships for these products.

Yarn, thread mills, products

2283100 — UNITED KINGDOM — Spun yarns for weaving & machine knitting. Especially interested in fancy yarns for knitted jersey & woven shirtings. Represents no U.S. firms. Annual sales volume $6 million, employs 8, estab. 1972. Bank ref.—Midland Bank Ltd., Deansgate, Bolton, Lancs. Telex to—R. V. Platt/D. Dawson, Eurospin Textiles Ltd., Knowsley House, Knowsley St., Bolton, Lancashire, U.K. Tel. 35435 & 35429; telex 63425.

Chemical products

2899572—EGYPT—Inks & writing fluid. Requests catalogs, price lists & possibly samples ASAP. Well known in business community & company considered to be large & reputable. WTDR available. Cable—Ahmed Fouad, Mgr., Ahmed Abdel Meguid Fouad Co., 47 Ramses St., Cairo, Egypt. Cable SHAHANAF, CAIRO; tel. 52472; telex 93817 FOUAD UN.

Fabricated rubber products

3069711—AUSTRALIA—Excl. distrib. for breast pumps, enemas, douche cans, vaginal syringes, eyebaths, earplugs & bandage clips. Estab. 1921, imports & distributes wide range of surgical & medical products & hygienic products sold through drug stores. Reply to B. M. Wood, Mgr., Arthur Bailey Pty. Ltd., P.O. Box 380, Crows Nest, N.S.W. 2065, Australia. Cable ZEALAHI; tel. 439-8677.

Leather tanning, finishing

3111135—REPUBLIC OF SOUTH AFRICA—Upholstery leather. Bankers—Standard Bank of S. A. Ltd., Commissioner St., Johannesburg. GBS trading is offshoot of Carst & Walker Ltd., one of largest brokerage co. in So. Africa. Claims to have sold equip. valued in 7 figures. Favorably reported in the trade & by its bankers. With co. contacts in auto. field annual sales should be at least $110,000. Looking for upholstery fabrics for vehicles (automotive, railroad, etc.). E. W. Buck, Dir., GBS Trading (Pty.) Ltd., P.O. Box 6190, Johannesburg 2000. Tel. 011/8331725; telex 8/8322.

Glass, glassware

3211210 — INDIA — Ophthalmic glass. Small-sized reputable co., very actively markets electric house service meters, pvc insulated copper cable/wire, aluminum wire/cable, dyes & chemicals, paints & G. I. conduit pipe mfrd. by its principals. Proprietor, Mr. Khanna, has been known to Embassy for several years. Capable & aggressive business executive who reportedly maintains excellent senior level contacts with public & private sector endusers. Reply to—Surjit Khanna, Proprietor, S. Khanna & Co. (SKC), 3-E/12 Jhandewalan, New Delhi 110055, India. Cable MATEZ; tel. 527621.

3229120—INDONESIA—Tumblers; stemware; tableware; cookware, ovenware & kitchenware; ornamental, decorative, novelty glassware & smokers' accessories. Firm (WTDR under preparation) is limited liability co. estab. Jakarta 1975, engaged as importer, agent & distrib. of canned food stuff & glassware. Has 17 employees & 5 salesmen. Authorized capital reported 100 million rupiah. (U.S. $1 equals RP. 415), annual turnover reported RP. 300 million. Requests catalogs, c.i.f. Jakarta price quotations. Reply to—Mr. Tahir, Pres. Dir., P. T. Riadi Utama, Jalan Pinangsia Timur No. 4J, Jakarta Barat, Indonesia. Cable RIADICO JAKARTA; telex 42860BCAJKT; tel. 270245, 278655, 277715.

Pottery, related products

3261051—WEST GERMANY—Bathroom accessories, vitreous china & earthenware. Major West Berlin distrib. seeks import of above in substantial quantities for wholesale trade in West Berlin. Quote c.i.f. German port, if possible. Reply to—Herr Peter Stockloew, Firma Baederland, Kurfuerstendamm 161, D-1000 Berlin 31, Germany. Tel. (030) 892-99-02.

3263052—BELGIUM—Earthenware (semi-vitreous) kitchenware, domestic & commercial. Limited liability co., founded 1973, employing 12. Capital is $12,000 but going to be raised. Annual turnover last year was $145,000 but has reached the $150,000 figure for 1978. Operated only in Belgium. Reply to — Mr. Philippe, Mgr., Sprl Philippe & Co., 27 Ch. De Wavre, B-5900 Jodoigne, Belgium. Tel. 010/81.22.88.

Asbestos products

3292451-780—WEST GERMANY — Roofing shingles, roofing material for insulation, from asbestos or other material. Purchasing co-operative for thatchers & slaters. Has about 100 employees. Co-operative is financed by its 400 member firms. Good reputation & no derogatory information received. Reply to—W. Thielmann, Sales Mgr., Dachdecker Einkauf Kassel EG, Kasselerstr. 62, D-3501 Fuldabrueck, Germany. Tel. 0561-50836.

3292711—INDIA—Asbestos fiber. Medium-sized reputable multi-product co., handles railroad carriage fans, electric ceiling fans, conductors, power capacitors, fluorescent lamps, frozen foods, spices, curry powders, carpets, furnishings & "ghee" (clarified butter in semi-liquid form made from fat of fermented milk). 1977 sales turnover approx. $2 million. Principal officer is a young & capable businessman who reportedly maintains good contacts with major public & private sector purchase establishments. Reply to — C. D. Mittal, Gen. Mgr., Nirmal Mfg. & Marketing Co. (NMMC), 19/90 Connaught Circus, New Delhi 110001, India. Cable NIRMALIND, NEW DELHI; tel. 320770.

Steel mill products

3312236—PAKISTAN—Agency for sale of m.s. billets prime quality 200 mm x 200 mm square, length 1520 mm. Quantity for immediate sale 2500 m/t. Annual sales potential approx. 5000 m/t. Importer & sales indent agent of steel, chemicals, paper, telephone cables & electric cables. Represents Aimchem Int'l. Chemical Corp., P.O. Box 367, Germantown, Wisc. 53022; Kema Ljubljana, Yugoslavia; Chittagong Steel Mills, Bangladesh; Eastern Cables, Bangladesh; Bangladesh Cables Shilpa, Bangladesh; & Gazi Copper Wires, Bangladesh, on excl. basis. Seeks long-term agency arrangements with U.S. principals. Marketing territory all Pakistan; claims annual sales of $1.5 million. Employs 8, incl. 4 salesmen. Reply to — Ikramul Majeed Sehgal, Exec. Dir., Pathfinder Ltd., 43/10/A Block 6, P.E.C.H.S., Karachi 29, Pakistan. Cable "CHITRALI" KARACHI; tel. 540796.

Cutlery, hand tools, gen'l hardware

3421153 — UNITED KINGDOM — Decorating scissors. Estab. 1863 as importer & distrib. of adhesives, chemicals & do-it-yourself products. Employs 22 & claims annual sales volume 591,919 pounds. Bank ref.—Williams & Glyn's Bank Ltd., 67 Lombard St., London, E.C.3. Reply to—L. G. Stancourt, Mng. Dir., Stancourt Sons & Muir Ltd., 76 St. John's Road, Tunbridge Wells, Kent TN4 9PH, U.K. Tel. 0892-39277; cable STANCOURTS TUNBRIDGE WELLS.

3421198—UNITED KINGDOM—Butchery equipment. Estab. 1903. Employs 120; has annual sales volume of $1.5 million. Represents U.S. firm Market Forge, Everett, Mass. Co. ref.—Lloyds Bank Ltd., 1 Westgate, Huddersfield. Reply to—H. Hall, Mng. Dir., Hygienic Engineering Industries Ltd., St. Thomas Rd., Huddersfield HD1 3LQ, U. K. Telex 51458 COMHUD G FOR HYGIENIC; tel. HUDDERSFIELD 33121.

3429215—BELGIUM—Furniture hardware. Importer & distrib. of high quality hardware for all types of furniture. Interested in acting as agent for U.S. mfr. of a line of brass hinges, pulls, accessories, etc. Reply to—Pierre Trap, 5, Emile Deblutslaan, B-1720 Dilbeek, Groot Bijgaarden, Belgium. Tel. (02) 465-3904; telex 22347.

Heating apparatus, plumbing fixtures

3433710—WEST GERMANY—Oil-burners, capacity 1.5-15 kg/hr. Small firm, one-man office, agent & distributor, seeks representation of U.S. firm. Reply to—Dr. Ezio Patrassi, E. P. Marketing, Danziger Strasse 4, 3067 Lindhorst, Germany. Tel. 05725 1639.

3433710 — BELGIUM — Oil burners & burner units. Small limited liability co. with capital $7,500, which specializes in isolation materials for Belgian market. Reply to—E. Van Bogaert, Mgr., Wigea P.V.B.A., Houten Schoen 40, B-2700 Sint-Niklaas, Belgium. Tel. 031/76.23.89.

Farm machinery

3523861—BELGIUM—Windmill heads & windmill towers for generation of electricity. Partnership, estab. 1948, specializes in rebuilding of tracks & vans. Employs 60 & has workshop of 9,000 sq. meters. Reply to—Paul Olivier, Asst. Mgr., Braem Gebroeders P.V.B.A., Nieuwstraat 9, B-8120 Handzame, Belgium. Tel. 051/56.71.21; telex 81533.

Special industrial machinery

3554050—WEST GERMANY—Paper converting machines & equip., all kinds. Med.-sized distr. & exporter paper converting machines with worldwide export excl. U.S. No derogatory info. received on firm. Reply to—K. H. Bruno, Mgr., Frenzel Maschinen GmbH, Postf. 110465, D-6100 Darmstadt. Cable FRENZELMASCHINE; telex 0419319; phone 06071/41167.

3559351—REPUBLIC OF KOREA—Plastic-working machinery—injection molding machines with 250, 130, 100, 80 oz. shot capacity. Requirement—7 units. Seeks catalogs, price quotations, & proposals for excl. agency. Located end-user who plans to issue invitation for intl. competitive bids for this machinery. Leading cosmetic mfr. in Korea. Import dept. has commission sales unit which reprs. foreign suppliers piping equip., chains, metal-working machinery, hand tools, automotive parts, chemicals, & plastic production equip. Reply to—Jun-Shup Lee, Import Dept., Pacific Chemical Industrial Co., Ltd., CPO Box 195, Seoul, Korea. Cable PACIFICHEMI SEOUL; telex PACHEIN K27404; tel. 794-8063.

3559589 — UNITED KINGDOM — Liquid phase heating systems, shotblasting plant, pipe wrapping & coating plant, industrial incinerators, process & air heaters, process plant & ancillary equip. Represents Comiro Div., Sunbeam Equip. Corp., Meadville, Pa. Annual sales volume $4 million. Employs 120; estab. 1954. Ref.—Barclays Bank Ltd., 2 Carfax, Horsham, W. Sussex RH12 1DN, U.K. Telex—G. M. Priest, Chairman, Beverley Engineering Ltd., Billingshurst, W. Sussex RH14 9SA, U.K. Tel. (040 381) 2091; telex 87416; cable BEVERLEY BILLINGSHURST.

3559589 — WEST GERMANY — Electroplating equip. & accessories. Newly estab. co. interested in taking over sales representation for U.S. firms. Staff of 3. Able to serve, maintain, & repair machinery. No special requirements as to price quotation and terms of payment. Dir. sale for resale; sales rep./distrib. for Baden-Wuerttemberg. Reply to—Mr. Konrad, Praezisions Metall Und Oberflaechentechnik GmbH, Habermehl Str. 17, D-7530 Profzheim, Germany. Telephone 7231/101925.

Office equipment

3562941—SWITZERLAND—Carbide balls for ballpoint pens. Small but active & reputable importer & distrib. of office supplies. Bank ref. — Swiss Bank Corp., Geneva. Reply to — Andre M. Grosjean, Ronimpex SA, P.O. Box 64, 1219 Le Lignon, Switzerland. Tel. 022/96 18 62.

3579698—SWITZERLAND—Pencil sharpeners, hand-type paper cutters. Est. annual potential $20,000. Marketing territory Switzerland. Well-estab. distrib. of pens, pencils & similar items sold to stationers & dept. stores. Labor force 17 with 3 salesmen. Annual sales sfr 4.5 million. Business recommended. Reply to Urs Greuter, Mgr., Hermann Kuhn, Inh. E. Greuter & Sohn, Tramstrasse 109, CH-8050 Zurich, Switzerland. Tel. 01/36 35 52.

Electronics equipment

3662626—WEST GERMANY—Ultrasonic equip.—required is apparatus which uses ultrasonic vibrations to drive away mice & rats. Medium-size firm; 10 employees; turnover about DM 5 million; good reputation. Reply to—Mr. Lee, S. R. Von Oerthel GmbH, Hammer Strasse 87, 2000 Hamburg 70, Germany. Telephone 040/6522710.

3662626—FRANCE—Thermal wire strippers. Estab. 1910. Importers, agents of industrial tools. Employs 42 & 8 salesmen. Sales area France. Financial ref.: BNP, Place Clichy, 25009 Paris. Reply to—Claude Jahnichen, Dir., A. Jahnichen & Cie, 27 Rue De Turin, 75008 Paris. Telex 290724; tel. 387-59-09.

3662671—BELGIUM—Automotive equip., electronic. Partnership, estab. April 1976, imports/distrib. automotive parts & maintenance equip. Imports come mainly from Germany & U.S. Employs 6. Primarily interested in adjustable frequency automotive radar detectors, but also in other types of electronic accessories for autos. Reply to—Hans De Wulf, Mgr., Eurotop Autoparts, PVBA, Hundelgemsteenweg, 660, B-9220 Merelbeke, Belgium. Tel. (091) 309-018.

Electronic components, accessories

3679020—UNITED KINGDOM—Semiconductor materials & processing materials. Semiconductor devices. Mfg. & test equip. Rep. U.S. firms Intl. Plasma Corp., Hayward, Calif. 94554; Vac-Tec Systems, Boulder, Colo. 80301; & Tyland Corp., Torrance, Calif. 90502. Annual sales vol. $1 million. 2 employees, estab. 1966. Bank ref.—Barclays Bank, 27 Regent St., London SW1. Reply to—G. Ashton, UK Mgr., Advanced Semiconductor Materials, UK Sales B.V., 10 Latimer Rd., Wokingham, Berkshire RG11 2XX, U.K. Tel. (0734) 786260; telex 848211.

Electric machinery, equip., supplies

3699221—WEST GERMANY—Neon electrodes for high-voltage neon advertising signs, etc. Acts as agent & distrib. of fluorescent lighting equip. of all types. Founded 1948. Employs 4. Good financial reputation. Banking ref.—Commerzbank

AG, Postfach 10 79 29, D-2800 Bremen, Germany. Reply to—Franz Kohl, Paul Kohl GmbH & Co., Donaustrasse 22, D-2800 Bremen, Germany. Tel. 0421-50 72 12.

Measuring & controlling devices

3822570 — WEST GERMANY — Process control instruments, industrial, especially digital thermometers. Major W. Berlin agent seeks import of above in substantial quantities for distrib. in W. Berlin. Electrical specs. must meet European standards of 220 volts & 50 hertz. Metric measurements desired. Quote c.i.f. German port, if possible. Reply to—Herr Bernd Diller, Firma Hans Martin KG, Grunewald Strasse 83, D-1000 Berlin 62, Germany. Tel. (030) 781-48-50.

3823045-7-9—FRANCE—Temperature instruments, direct deflecting type; self balancing types; potentrometric set point, electronic controllers. Estab. 1974. Imports, distributes process control instruments. Employs 9. Bank ref.: Banque Nationale de Paris, Agence Bastille, Paris 75011. Reply to—Mr. Heraut, Mgr., Etoile International, 22, Rue Charles Baudelaire, 75012 Paris. Tel. 346-95-61.

3823086-87-88-89-90-91 — WEST GERMANY — Electronic instruments for all process variables, transmitters producing standardized electric or pneumatic analog transmission signals—instruments for all process variables, mechanical measuring types—indicating or recording controllers; recorders, noncontrol; indicators only; transmitters producing standardized electric or pneumatic analog transmission signals; parts, supplies, accessories, other primary sensors, panel-boards & other equip. associated with process control instrumentation. Purchasing & distrib. organization for several major German mfrs. Has experience in sales & tech. service throughout Europe & COMECON countries, & enjoys good reputation. Quote c.i.f. Antwerp, Belgium. Estab. 1975. Financial ref.—Dresdner Bank AG, 4000 Duesseldorf. Reply to—Herr Conrad, Contromic GmbH, Rotterdamer Str. 21, 4000 Duesseldorf, W. Germany. Cable CONTROMIC; tel. 0211-435466.

3823091—ITALY—Electromechanical/electronic process control encoders, pinboards & tachogenerators for machine tool applications. Product mostly intended for use by Italian packaging machinery mfrs. Value, $500,000, indicates min. est. annual turnover. Has been active since 1972 as Italian agent/distrib. for several W. German mfrs./exporters of electronic proximity & electro-mechanical switches for machine tool application, as well as potentiometers & photo-electronic systems. Seeks mostly medium-sized U.S. suppliers of above which would be marketed through excellent available sales network (over 15 salesmen) covering all Italy. Prompt responses urged (telex 22298 Torino, Italy), to be followed/accompanied by any descriptive material & price quotations as appropriate. No difficulty in traveling U.S. discuss promising offers received. Contact —Ing. Carlo Maria Cazzari, Mkt. Mgr., Sick Italiana, S.R.L., Corso Giambone 63, 10134 Torino, Italy. Telephone 011/655/226.

3825100 — UNITED KINGDOM — Electronic test & measuring instruments, specialized electronic components & subassemblies. Among U.S. firms represented are—Bafco Inc., Warminister, Pa.; Frequency Devices, Inc., Haverhill, Mass.; NH Research Inc., Santa Ana, Calif; & Vectron Laboratories, Inc., Norwalk, Conn. Estab. 1968, wholly-owned subsidiary of Claude Lyons Ltd. 10 employees & annual sales volume $900,000. Ref.—Barclays Bank Ltd., 51 High St. Hoddesdon, Herts. Cable LYINST HODDESDON. Reply to — William Lyons, Mng. Dir., Lyons Instruments Ltd., Ware Road, Hoddesdon, Herts EN11 9DX, U.K. Tel. (09924) 67161; telex 22724 CL HOD G.

3829254—FRANCE—Physical properties testing & inspection equip., all types. Medium-size corp. specializing in mfg. measuring & surveying instruments — surface plates, slide calipers, squares, v-blocks & others. Marketing network covers France & several European countries. Reply to—M. Lelen, Mgr., Ets Bonnaud Breton Aciap Et Cie, (B.B.A.), BP 1226, 69607 Villeurbanne, France. Telephone 84.10.01.

3829432—UNITED KINGDOM—Scientific instruments for nuclear research, nuclear power & materials analysis. Represents following U.S. companies: Ortec Inc. (Oak Ridge, Tenn.); Berkeley Nucleonics (Berkeley, Calif.); Bicron Corp. (Newbury, Ohio); Reactor Expts. (San Carlos, Calif.). Annual sales volume $1.5 million; employs 15; estab. 1966. Ref.—Morgan Guaranty Trust of New York, Lombard St., London. Reply to — D.C. Taylor, Mng. Dir., Egg Ortec Ltd., Doncastle House, Doncastle Road, Bracknell, Berks, U.K. Tel. BRACKNELL 55455.

3832107-08-12-13-15-28 — SWITZERLAND —Gas & thin layer chromatographic instruments, hplc chromatographs; spectromatric & photomatric analytical instruments; electrophoresis instruments. Small distrib./importer of advanced analytical instruments with own analytical lab. handling analytical R&D incl. medical analysis for 3rd parties. Technically competent with good connections to potential clients. Reputation & payment methods reported to be good. Large transactions against adequate guarantees. Bank ref.—Union Bank of Switzerland. Reply to—Andreas Ackermann, Pres., Analytik Service-Speziallabor, P.O. Box 4007 Basel, Switzerland. Tel. 061/78 23 52.

Toys, amusements, sporting goods

3949598 — JAPAN — Outdoor sporting & athletic goods & equip. Estab. 1977. Paid in capital, 5 million yen (about $22,000). Employs 15. Yearly sales, 300 million yen. Main bank—Daiichi Kangyo Bank. Importer-distrib. of toys, sporting goods & housewares. Reply to—Tadashi Tsuchida, V.P., Nippon Interland Corp., C/O Eizai Kaikan, 1-20-6, Nishishinbashi, Minato-Ku, Tokyo 105, Cable NIPINPUB; telex J25478 SUNOCEAN; tel. 03-502-2670.

Manufacturing industries

3999511, 3229237-9—WEST GERMANY—Lamp shade frames & lamp shades, except glass & metal; lamp shades, glass & metal. Major West Berlin agent seeks import of above in substantial quantities for wholesale trade in W. Berlin. Metric measurements desired. Quote c.i.f. German port, if possible. Reply to Frau Angelika Mangelmann, Firma Lampen Atelier Berlin, Schillerstrasse 71, D-1000 Berlin 12, Germany. Tel. (030) 31-68-68.

French Firm Offers Services

A French firm wishes to represent American exporters for distribution and service of industrial products, in particular machine tools, in France. Contact: Mr. Bouguin, S.I.F.E.D. (Societe Industrielle Francaise Des Etablissements Demerciere), 01470 Serrieres De Briord, France.

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INDIA—C. H. Gordon, Chairman, Sharavathy Petrochemicals Private, Ltd., 9th Mile, Old Madras Road, Bangalore 560 049, is visiting the United States through July 26, and is spending most of his time in the New York area. Gordon wishes to purchase **transformer oil and transfer oil base stock.** He also wants to obtain a licensing or joint venture agreement to make **metal insulated aluminum wires and strips made through a diffusion process.** Interested firms are invited to contact him in care of J. T. Advaney, Sitasons Co., 284 5th Ave., New York, N.Y. 10001, tel. 212-594-5177.

JAPAN—Mitsuo Takagi from Sapporo wishes to meet with retailers and wholesalers of **precious stones and jewelry.** He is organizing a group of 40 jewelry retailers and selected endusers for an October '78 buying trip. For additional information contact Jane Puse, Foreign Buyer Program, Room 2322, U.S. Department of Commerce, Washington, D.C. 20230; 202-377-3265.

SWEDEN—Stars Stenberg of Taby is in the U.S. for a three-week business visit. He seeks U.S. suppliers of **posters, picture prints, and related products** to supplement his present line. Contact Damon Greer, Foreign Buyer Program, Room 2322, U.S. Department of Commerce, Washington, D.C. 20230; 202-377-3265.

JAPAN—Manji Wakunaga of Osaka is interested in hearing from U.S. manufacturers of new-to-market products as follows: **medical appliances; sporting goods, especially table tennis items; handball equipment, racketball and squash equipment, tennis training machines, etc; and health care items.** For information contact Theresa E. Rettig, U.S. Department of Commerce, Room 2322, Washington, D.C. 20230; 202-377-3265.

PERU—Company is interested in purchasing a substantial number of **telephones.** A representative group from the firm will be in the U.S. shortly to visit various U.S. communications manufacturers. Contact Theresa Rettig, 202-377-3265.

SWITZERLAND — Claude Camredon of Bern is interested in contacting U.S. manufacturers of **tables and table feet made from Arizona, Colorado and Utah cactus; petrified wood products; dining and coffee table feet made from vine stocks.** He plans to be in the U.S. at end of August. Contact Theresa Rettig, 202-377-3265.

Future Construction Abroad

SYRIA — Prominent Syrian businessman wants to locate U.S. firms interested in working on several projects in Syria: **marine research center, artificial kidney centers, intensive heart care center, mobile telecommunication stations, and high frequency transmitters and receivers.** For further information interested firms should contact: Walid Al-Homsy, P.O. Box 2346, Damascus, Syria; cable: WALID HOMSI, Damascus; telex: CHIMAC 11333 SY, Attn: Walid Homsy: or the Commercial Section, American Embassy, P.O. Box 29, Damascus. Offers with total or partial financing for large projects are welcomed. WTDR 77/7365.

QATAR—Ministry of Health is planning to issue tenders for construction of 300-bed women's **hospital** in July (for steel structure) and September (civil, mechanical, electrical works). Firms send brochures showing past experience in hospital construction to: George Yousif, General Manager, QITICO, P.O. Box 3211, Doha, Qatar. Send copy of covering correspondence to: Cherie Loustaunau, CAGNE/BED/ITA, U.S. Dept. of Commerce, Room 3203, Washington, D.C. 20230, phone 202-377-4441.

KUWAIT—Firm is seeking U.S. firms capable of supplying **fast-food kitchen equipment,** sales promotion firms capable of designing a program for fast-food type restaurants, and architectural firms experienced in designing **fast-food restaurants.** American companies interested in this opportunity should send inquiries, promotional material and catalogs directly to: The Technical Support Manager of the Al-Khaldiya Trading and Contracting Co., P.O. Box 830, Safat, Kuwait; telex: 2481. Send copy of your initial correspondence to; Gwendolyn Brown, CAGNE/BED, U.S. Dept. of Commerce, Room 3203, Washington, D.C. 20230, 202-377-4441.

Algeria Needs Computer

The Algerian State Iron and Steel Company, SNS, is seeking offers for a computer system to operate and control distribution of fluids and electricity at El Hadjar steel complex in Annaba. Tender documents can be obtained for 800 DA ($201.15) from: Direction Travaux Neufs, Division Marches, SNS, BP 1035, Annaba, Algeria; telex: 92727 and 92718; telephone: 827490 and 827584. Bid deadline Sept. 30.

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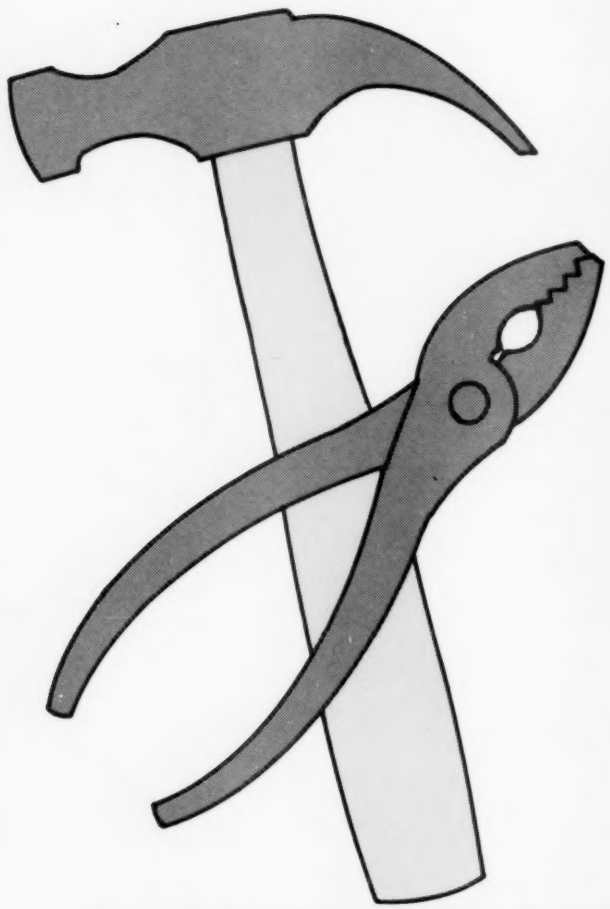

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